INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON INTERIOR, ENVIRONMENT, AND RELATED AGENCIES

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NOTE: Under Committee Rules, Mr. Rogers, as Chairman of the Full Committee, and Mr. Dicks, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

> David LesStrang, Darren Benjamin, Jason Gray, Erica Rhoad, and Colin Vickery, Staff Assistants

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DEPARTMENT OF THE INTERIOR AND RE-LATED AGENCIES APPROPRIATIONS FOR 2012

Thursday, March 10, 2011.

MAJOR MANAGEMENT CHALLENGES AT THE U.S. FOREST SERVICE

WITNESSES

ANU K. MITTAL, DIRECTOR, NATURAL RESOURCES AND ENVIRONMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE PHYLLIS K. FONG, INSPECTOR GENERAL, U.S. DEPARTMENT OF AGRICULTURE

OPENING REMARKS OF CHAIRMAN SIMPSON

Mr. SIMPSON. The committee will come to order. Once again, I would like to welcome the members of the subcommittee as well as our panel of witnesses this afternoon from the Government Accountability Office and the Department of Agriculture's Office of Inspector General to present testimony on the major management challenges of the Forest Service.

The Forest Service manages a great deal of land for the public, including several national forests in my district. There is certainly no lack of issues to discuss, so I would like to keep my comments to a minimum and focus on the testimony. This hearing will help prepare the subcommittee's members for tomorrow morning's Forest Service budget hearings.

Before introducing our witnesses, I would like to yield to Mr. Moran for any opening statement he might have.

OPENING REMARKS OF MR. MORAN

Mr. Moran. Thanks so much, Mr. Chairman. We invariably schedule these hearings at the same time as Defense, but there is nothing we can do about it when we compress 4 weeks into 3. Thanks for having the hearing, and it is nice to see Ms. Mittal again, and of course, the Inspector General for the Agriculture Department. I do not know if you know Ms. Fong is a special Inspector General because she is the Inspector General of Inspector Generals. Yes. She is the first chairperson of the Council of Inspectors General on Integrity and Efficiency.

Mr. SIMPSON. I did not know that.

Mr. MORAN. Oh, there you go. Seventy-three different Federal Inspectors General, and she is the boss of all of them. I appreciate the fact that the chairman is having these hearings which, whether

it be a Democratic or Republican majority, we found that the Inspector General's enlightenment serves us very well in subsequent hearings and the General Accounting Office as well. I guess it is General Accountability. It will always be General Accounting to me.

But there are forest management issues that are worth looking at. Last week I was down at the Agriculture Department with Secretary Vilsack where we were recognizing the centennial anniversary of the Weeks Act. That was a situation where we had so many denuded forests, particularly in the east, and they were just being allowed to lie fallow. The folks who had clear-cut those forests would not even pay taxes, so the states and localities picked it up and that enabled the Federal Government to pick it up, and that led to 52 national forests in the east and 26 different states. So the Forest Service has a great record of oversight and management, but it can always be improved, and that is what we want to talk about today.

So, again, thanks to both of you for being here. I look forward

to your testimony.

Mr. SIMPSON. Our first witness is Ms. Anu Mittal, Director of Natural Resources and Environment Division of the GAO. She will be followed by Ms. Phyllis Fong, the Inspector General of the Department of Agriculture and the Chief Inspector General. We appreciate you appearing before the subcommittee this afternoon. We will give you each 15 minutes to outline your concerns, followed by questions from committee members.

TESTIMONY OF ANU K. MITTAL

Ms. MITTAL. Thank you, Mr. Chairman and members of the subcommittee, for the opportunity to be here today to discuss management challenges facing the Forest Service.

As you know, in 2009, we testified before this subcommittee on three areas where the Forest Service faced major management challenges. These included the lack of strategies to effectively use wildland fire funds, the lack of data on programs and activities, and inadequate financial and program accountability.

Based on the work that we have undertaken since 2009, we believe that these three areas are still challenges today, and we have added a fourth area relating to the lack of program oversight and planning. I would like to briefly summarize each of our concerns

in these four areas for you.

As we reported in 2009, the Forest Service still lacks key strategies needed to effectively manage wildland fires. As you know, over the past decade wildland fires have dramatically worsened, and their associated costs have substantially increased. Likewise, for over a decade we have made numerous recommendations to improve the Forest Service's efforts in fighting these fires.

While the agency has taken some steps to implement our recommendations, much work remains to be done in all of the areas that we have highlighted in the past. For example, the Forest Service and Interior still have not completed the Cohesive Wildland Fire Strategy that we have recommended since 1999, and that Congress mandated in the Flame Act of 2009. Congress required this Cohesive Strategy to be completed within 1 year of the Act's pas-

sage, however, according to the agency, while the first phase of the strategy has been drafted, it has not yet been finalized, and it is unknown when the second phase, which will include the development and analysis of different options for wildland fire management as we have called for, will even be completed.

Similarly, the Forest Service has not yet clearly defined its wildland fire cost containment goals. Without taking the fundamental steps of defining its cost-containment goals or developing a strategy for achieving those goals, the agency cannot insure that it is taking the most important steps first, nor can it be assured that

it is taking the right steps first.

The agency also has not fully implemented all of the improvements we have recommended for allocating fuel reduction funds and still lacks a measure to ensure that fuel reduction funds are being directed to those areas where they can best minimize the risk

to people, property, and resources.

And, finally, in the wildland fire area, we continue to be concerned that the Forest Service is several years behind schedule in developing an interagency fire program budgeting and planning tool known as FPA. The development of FPA has been characterized by delays and revisions, and the project has not yet been subject to peer review as we had recommended.

It is, therefore, unclear to us whether the tool will meet one of its original objectives which was to identify cost-effective combina-

tions of assets and strategies to fight wildland fires.

The second major management challenge that we have repeatedly identified in the past and which continues to be a concern today is the Forest Service's lack of complete and accurate data on its program activities and costs. Over the last few years we have continued to encounter shortcomings in this area during our audits of Forest Service programs that reinforce our concerns.

For example, we recently reviewed the data in the agency's Planning Appeals and Litigation System, and we determined that these data were not always complete or accurate. As a result, we have to conduct our own survey of field office staff to get the information

that we needed.

Similarly, on our review of abandoned hard rock mines, we found that the Forest Service had difficulty determining the number of such mines on its land, and the accuracy of the data that it did

have was also questionable.

The third area that we have been and remain concerned about relates to financial management and performance accountability shortcomings. While we moved the Forest Service's financial management issue from GAO's high-risk list about 6 years ago, there are lingering concerns about financial management at the agency, especially in the wake of recent reports from the Department of Agriculture and the IG.

For example, in its 2010 performance and accountability report the Department concluded that the Forest Service needed to improve controls over its expenditures for wildland fire management, and it identified the Wildland Fire Suppression Program as susceptible to significant improper payments.

In addition, the Forest Service has not fully resolved the performance accountability problems that we have identified in the past. According to the IG, the longstanding problems that we have identified with the agency's inability to link its planning, budgeting, and results reports continues to be an issue today.

The final area that I would like to talk about relates to challenges that the Forest Service faces in delivering its programs because it lacks adequate oversight or strategic planning. Our recent

work provides a number of examples in this area.

For example, as part of its land management responsibilities, the Forest Service acquires and disposes of lands through its Land Exchange Program. However, we recently reported that the Forest Service needed to improve oversight of its Land Exchange Program because it lacked a national strategy and process for tracking costs, and it did not require its staff to take mandatory training.

Similarly, we have been concerned about the ability of the Forest Service to maintain an effective workforce because it has not clearly aligned its workforce plans with its strategic plan and has not

monitored and evaluated its workforce planning efforts.

Because of this lack of planning and monitoring, we concluded that the Forest Service remains at risk of not having the appro-

priately-skilled workforce it needs to fulfill its mission.

Finally, our recent work has raised concerns that the Forest Service, like other federal land management agencies, lacks a risk-based approach for managing its law enforcement resources. In 2010, we reported that the Forest Service needed a more systematic method to assess the risks posed by illegal activities that are occurring on its lands, and if it developed such an approach, it could better insure that it is allocating its limited law enforcement resources in the most effective manner.

Mr. Chairman, we recognize that these are not easy issues for the Forest Service to resolve, but we also recognize that these are not new issues for the agency and that many of them have been very well documented for a very long time. In light of the Nation's long-term fiscal condition, we believe that it is imperative for the agency to expeditiously address these management challenges now so that it can insure that going forward it is fulfilling its mission in the most cost-effective and efficient manner.

That concludes my prepared statement. I would be happy to respond to any questions.

[The statement of Anu Mittal follows:]

Testimony Before the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives For Release on Delivery Expected at 2:00 p.m. EST Thursday, March 10, 2011 FOREST SERVICE Continued Work Needed to Address Persistent Management Challenges

Statement of Anu K. Mittal, Director Natural Resources and Environment





Highlights of GAO-11-423T, a testimony before the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives.

Why GAO Did This Study

The Forest Service, within the Department of Agriculture, manages over 190 million acres of national forest and grasslands. The agency is responsible for managing its lands for various purposes—including recreation, grazing, timber harvesting, and others-while ensuring that such activities do not impair the lands' long-term productivity. Numerous GAO reports examining different aspects of Forest Service programs—including a testimony before this Subcommittee in 2009—have identified persistent management challenges facing the agency. In light of the federal deficit and long-term fiscal challenges facing the nation, the Forest Service cannot ensure that it is spending its limited budget effectively and efficiently without addressing these challeng

This testimony highlights some of the management challenges facing the Forest Service today and is based on recent reports GAO has issued on a variety of the agency's activities.

What GAO Recommends

GAO has made a number of recommendations intended to improve the Forest Service's management of wildland fires, strengthen its collection of data, increase accountability, and improve program management. The Forest Service has taken steps to implement many of these recommendations, but additional action is needed if the agency is to make further progress in rectifying identified shortcomings.

View GAO-11-423T or key components. For more information, contact Anu K Mittal at (202) 512-3841 or mittala@gao.gov.

March 10, 2011

FOREST SERVICE

Continued Work Needed to Address Persistent Management Challenges

What GAO Found

In 2009, GAO highlighted management challenges that the Forest Service faced in three key areas—wildland fire management, data on program activities and costs, and financial and performance accountability. The Forest Service has made some improvements, but challenges persist in each of these three areas. In addition, recent GAO reports have identified additional challenges related to program oversight and strategic planning.

Strategies are still needed to ensure effective use of wildland fire management funds. In numerous previous reports, GAO has highlighted the challenges the Forest Service faces in protecting the nation against the threat of wildland fire. The agency continues to take steps to improve its approach, but it has yet to take several key steps—including developing a cohesive wildland fire strategy that identifies potential long-term options for reducing hazardous fuels and responding to fires—that, if completed, would substantially strengthen wildland fire management.

Incomplete data on program activities remain a concern. In 2009, GAO concluded that long-standing data problems plagued the Forest Service, hampering its ability to manage its programs and account for its costs. While GAO has not comprehensively reviewed the quality of all Forest Service data, shortcomings identified during several recent reviews reinforce these concerns. For example, GAO recently identified data gaps in the agency's system for tracking appeals and litigation of Forest Service projects and in the number of abandoned hardrock mines on its lands.

Even with improvements, financial and performance accountability shortcomings persist. Although its financial accountability has improved, the Forest Service continues to struggle to implement adequate internal controls over its funds and to demonstrate how its expenditures relate to the goals in the agency's strategic plan. For example, in 2010 Agriculture reported that the agency needed to improve controls over its expenditures for wildland fire management and identified the wildland fire suppression program as susceptible to significant improper payments.

Additional challenges related to program oversight and strategic planning have been identified. Several recent GAO reviews have identified additional challenges facing the Forest Service, which the agency must address if it is to effectively and efficiently fulfill its mission. Specifically, the agency has yet to develop a national land tenure strategy that would protect the public's interest in land exchanges and return fair value to taxpayers from such exchanges. In addition, it has yet to take recommended steps to align its workforce planning with its strategic plan, which may compromise its ability to carry out its mission; for example, it has not adequately planned for the likely retirement of firefighters, which may reduce the agency's ability to protect the safety of both people and property. Finally, the Forest Service needs a more systematic, risk-based approach to allocate its law-enforcement resources. Without such an approach it cannot be assured that it is deploying its resources effectively against illegal activities on the lands it manages.

United States Government Accountability Office

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss management challenges facing the Forest Service. As the steward of more than 190 million acres of national forest and grassland, the Forest Service, within the Department of Agriculture, is responsible for managing its lands for various purposes—including recreation, rangeland, timber, wilderness, and the protection of watersheds and wildlife—while ensuring that the agency's management of the lands does not impair their long-term productivity. In managing its lands in accordance with these purposes, the agency provides a variety of goods and services. Goods include timber, natural gas, oil, minerals, and range for livestock to graze. Watersheds on Forest Service lands provide drinking water to thousands of communities, and the national forests and grasslands themselves offer the public recreational opportunities, such as camping, hiking, and rafting. To carry out its responsibilities, the Forest Service employs about 30,000 permanent fulltime employees and maintains hundreds of regional, forest, and ranger district offices nationwide, as well as a network of research facilities. Appropriations for the agency totaled \$6.2 billion in fiscal year 2010.

My testimony today updates our 2009 testimony before this Subcommittee on Forest Service management challenges' and is based primarily on findings from several reports we have recently issued on the agency's activities. Specifically, I will focus on management challenges in three key areas we identified in our 2009 testimony—wildland fire management, data on program activities and costs, and financial and performance accountability—as well as on additional challenges related to program oversight and strategic planning. As we stated in 2009, in light of the federal deficit and long-term fiscal challenges facing the nation, it is important for the Forest Service to address these management challenges to ensure that its limited budget is effectively and efficiently spent.

¹GAO, Forest Service: Emerging Issues Highlight the Need to Address Persistent Management Challenges, GAO-09-443T (Washington, D.C: Mar. 11, 2009).

²See the list of related GAO products at the end of this statement, which were generally conducted in accordance with generally accepted government auditing standards. Additional information on the scope and methodology used for this body of work is provided in each issued product.

Strategies Are Still Needed to Ensure Effective Use of Wildland Fire Management Funds In our 2009 testimony, we reported that the Forest Service, working with the Department of the Interior, had taken steps to help manage perhaps the agency's most daunting challenge-protecting lives, private property, and federal resources from the threat of wildland fire-but that it continued to lack key strategies needed to use its wildland fire funds effectively. Over the past decade, our nation's wildland fire problem has worsened dramatically. Since 2000, wildland fires burned more than double the acres annually, on average, than during the 1990s, and the Forest Service's wildland fire-related appropriations have also grown substantially, averaging approximately \$2.3 billion over the past 5 years, up from about \$722 million in fiscal year 1999. As we have previously reported, a number of factors have contributed to worsening fire seasons and increased firefighting expenditures, including an accumulation of flammable vegetation due to past land management practices; drought and other stresses, in part related to climate change; and increased human development in or near wildlands. The Forest Service shares federal responsibility for wildland fire management with four Interior agencies the Bureau of Indian Affairs, Bureau of Land Management, Fish and Wildlife Service, and National Park Service.

In our 2009 testimony we noted four primary areas we believed the Forest Service, in conjunction with Interior, needed to address to better respond to the nation's wildland fire problems. The agencies have taken steps to improve these areas, but work remains to be done in each.³ As a result, we continue to believe that these areas remain major management challenges for the Forest Service:

Developing a cohesive strategy that identifies options and associated
funding to reduce potentially hazardous vegetation and address
wildland fire problems. In a series of reports dating to 1999, we have
recommended that the Forest Service and Interior agencies develop a
cohesive wildland fire strategy identifying potential long-term options for
reducing fuels and responding to fires, as well as the funding requirements
associated with the various options. By laying out various potential
approaches, their estimated costs, and the accompanying trade-offs, we

³GAO has issued dozens of reports and recommended more than 50 actions the Forest Service and Interior agencies could take to improve wildland fire management. For more information on the agencies efforts over the previous decade to improve their management of wildland fire, see GAO, Wildland Fire Management. Federal Agencies Have Taken Important Steps Forward, but Additional, Strategic Action Is Needed to Capitalize on Those Steps, GAO-09-877 (Washington, D.C.: Sept. 9, 2009).

reported that such a strategy would help Congress and the agencies make informed decisions about effective and affordable long-term approaches to addressing the nation's wildland fire problems. Congress echoed our call for a cohesive strategy in the Federal Land Assistance, Management, and Enhancement Act of 2009, which requires the agencies to produce a cohesive strategy consistent with our recommendations.

In response, the agencies have prepared "Phase I" of the cohesive strategy, which, according to a Forest Service official, provides a general description of the agencies' approach to the wildland fire problem and establishes a framework for collecting and analyzing the information needed to assess the problem and make decisions about how to address it. The Phase I document has not yet been made final or formally submitted to Congress, even though the act requires the strategy to be submitted within 1 year of the act's 2009 passage. Once the document has been made final, according to this official, the agencies expect to begin drafting Phase II of the strategy, which will involve actual collection and analysis of data and assessment of different options.

• Establishing clear goals and a strategy to help contain wildland fire costs. The agencies have taken steps intended to help contain wildland fire costs, but they have not yet clearly defined their cost-containment goals or developed a strategy for achieving those goals—steps we first recommended in 2007. Without such fundamental steps, we continue to believe that the agencies cannot be assured that they are taking the most important steps first, nor can they be certain of whether or to what extent the steps they are taking will help contain costs. Agency officials identified several agency documents that they stated clearly define goals and objectives and that make up their strategy to contain costs. However, these documents lack the clarity and specificity needed by officials in the field to help manage and contain wildland fire costs. We therefore continue to believe that the agencies will be challenged in managing their cost-containment efforts and improving their ability to contain wildland fire costs.

⁴Pub. L. No. 111-88 § 503, 123 Stat. 2971 (2009).

⁵GAO, Wildland Fire Management: Lack of Clear Goals or a Strategy Hinders Federal Agencies' Efforts to Contain the Costs of Fighting Fires, GAO-07-655 (Washington, D.C.: June 1, 2007).

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- Continuing to improve processes for allocating fuel reduction funds and selecting fuel reduction projects. The Forest Service has continued to improve its processes for allocating funds to reduce fuels and select fuel reduction projects but has yet to fully implement the steps we recommended in 2007.6 These improvements, which we reported on in 2009 and which the agency has continued to build upon, include (1) the use of a computer model to assist in making allocation decisions, rather than relying primarily on historical funding patterns and professional judgment, and (2) taking into consideration when making allocation decisions information on wildland fire risk and the effectiveness of fuel treatments. 7 Even with these improvements, we believe the Forest Service will continue to face challenges in more effectively using its limited fuel reduction dollars unless it takes the additional steps that we have previously recommended. The agency, for example, still lacks a measure of the effectiveness of fuel reduction treatments and therefore lacks information needed to ensure that fuel reduction funds are directed to the areas where they can best minimize risk to communities and natural and cultural resources. And while Forest Service officials told us that they, in conjunction with Interior, had begun a comprehensive effort to evaluate the effectiveness of different types of fuel treatments, including the longevity of those treatments and their effects on ecosystems and natural resources, this endeavor is likely to be a long term effort and require considerable research investment.
- Taking steps to improve the use of an interagency budgeting and planning tool. Since 2008, we have been concerned about the Forest Service's and Interior's development of a planning tool known as fire program analysis, or FPA.* FPA is designed to allow the agencies to analyze potential combinations of firefighting assets, and potential strategies for reducing fuels and fighting fires, to identify the most cost-effective among them. By identifying cost-effective combinations of assets and strategies within the agencies, FPA was also designed to help the agencies develop their wildland fire budget requests and allocate resources across the country. FPA's development continues to be characterized by delays and revisions, however, and the agencies are

⁶GAO, Wildland Fire Management: Better Information and a Systematic Process Could Improve Agencies' Approach to Allocating Fuel Reduction Funds and Selecting Projects, GAO-07-1168 (Washington, D.C: Sept. 28, 2007).

⁷GAO-09-877

⁸GAO, Wildland Fire Management: Interagency Budget Tool Needs Further Development to Fully Meet Key Objectives, GAO-09-68 (Washington, D.C: Nov. 24, 2008).

several years behind their initially projected timeline for using it to help develop their budget requests. The agencies collected nationwide data on available assets and strategies in fiscal years 2009 and 2010, but in neither case did the agencies have sufficient confidence in the quality of the data to use them to help develop their budget requests. FPA program officials told us that they are currently analyzing data collected early in fiscal year 2011 to determine the extent to which the data can be used to help develop the agencies' fiscal year 2013 budget requests. The officials also told us they expect an independent external peer review of the science underlying FPA—a step we recommended in our 2008 report—to begin in May 2011. The agencies continue to take steps to improve FPA, but it is not clear how effective these steps will be in correcting the problems we have identified, and therefore we believe that the agencies will continue to face challenges in this area.

Incomplete Data on Program Activities Remain a Concern

Our 2009 testimony noted shortcomings in the completeness and accuracy of Forest Service data on activities and costs. Although we have not comprehensively reviewed the quality of all Forest Service data, we have encountered shortcomings during several recent reviews that reinforce our concerns. For example, during our review of appeals and litigation of Forest Service decisions related to fuel reduction projects, we sought to use the agency's Planning, Appeals, and Litigation System, which was designed to track planning, appeals, and litigation information for all Forest Service decisions. During our review, however, we determined that the system did not contain all the information we believed was pertinent to decisions that had been appealed or litigated and that the information the system did contain was not always complete or accurate. As a result, we conducted our own survey of Forest Service field unit employees. Likewise, during our recent testimony on hardrock mining, we noted that the Forest Service had difficulty determining the number of abandoned hardrock mines on its land, and we were concerned about the accuracy of the data that the agency maintained. 10 Further, we recently reported that the Forest Service does not track all costs associated with activities under

⁹GAO, Forest Service: Information on Appeals, Objections, and Litigation Involving Fuel Reduction Activities, Fiscal Years 2006 through 2008, GAO-10-337 (Washington, D.C. Mar. 4, 2010).

¹⁰GAO, Hardrock Mining: Information on State Royalties and the Number of Abandoned Mine Sites and Hazards, GAO-09-854T (Washington, D.C. July 14, 2009).

its land exchange program $^{\rm o}$ —another area of concern in our 2009 testimony.

One area that is expected to see improvements in the future is the completeness and accuracy of cost data, because in 2012 Agriculture is scheduled to replace its current Foundation Financial Information System with a new Financial Management Modernization Initiative system that includes managerial cost-accounting capabilities. Managerial cost accounting, rather than measuring only the cost of "inputs" such as labor and materials, integrates financial and nonfinancial data, such as the number of hours worked or number of acres treated, to measure the cost of outputs and the activities that produce them. Such an approach allows managers to routinely analyze cost information and use it in making decisions about agency operations and supports a focus on managing costs, rather than simply managing budgets. Such information is crucial for the Forest Service, as for all federal agencies, to make difficult funding decisions in this era of limited budgets and competing program priorities. According to Agriculture's 2010 Performance and Accountability Report, the Forest Service has assessed its managerial cost accounting needs, and the cost-accounting module in the new system should allow the Forest Service to collect more-relevant managerial cost-accounting information. 12

Even with Improvements, Some Financial and Performance Accountability Shortcomings Persist In 2009, we testified that the Forest Service had made sufficient progress resolving problems we identified with its financial management for us to remove the agency from our high-risk list in 2005 but that concerns about financial accountability remained. While we have not reexamined these issues in detail since that time, recent reports from Agriculture, including from the Office of the Inspector General, continue to identify concerns in this area. For example, in 2010 Agriculture's Office of Inspector General reported six significant deficiencies—including poor coordination of efforts to address financial reporting requirements and weaknesses in

¹¹GAO, Federal Land Management: BLM and the Forest Service Have Improved Oversight of the Land Exchange Process, but Additional Actions Are Needed, GAO-09-611 (Washington, D.C: June 12, 2009).

 $^{^{\}rm 12}$ U.S. Department of Agriculture, Fiscal Year (FY) 2010 Performance and Accountability Report (Washington, D.C., November 2010).

¹⁸We included the Forest Service on our high-risk list from 1999 through 2004 because of long-standing concerns over its financial accountability, citing "a continuing pattern of unfavorable conclusions about the Forest Service's financial statements."

internal controls for revenue-related transactions—although it did not find any of the deficiencies to be material weaknesses. Echoing these concerns about internal control weaknesses, Agriculture reported in its 2010 Performance and Accountability Report that the Forest Service needed to improve controls over its expenditures for wildland fire management and identified the wildland fire suppression program as susceptible to significant improper payments.¹⁵

The Forest Service likewise has not fully resolved the performance accountability concerns that we raised in our 2009 testimony. As we noted at that time, the agency's long-standing performance accountability problems included an inability to link planning, budgeting, and results reporting. This concern was also raised by a 2010 Inspector General report, which stated that the major goals cited in the agency's strategic plan did not match the categories in its Foundation Financial Information System. In other words, the Forest Service could not meaningfully compare its cost information with its performance measures."

The Forest Service
Faces Additional
Challenges Related to
Program Oversight
and Strategic
Planning

In addition to the management challenges we discussed in our 2009 testimony, several of our recent reviews have identified additional challenges facing the Forest Service—challenges that highlight the need for more effective program oversight and better strategic planning. In light of potential funding constraints resulting from our nation's long-term fiscal condition, it is essential that the Forest Service be able to maximize the impact of its limited budget resources by exercising effective program oversight and appropriate strategic planning. Some recent concerns we have noted in this area include the following:

Oversight of the land exchange process. As part of its land management
responsibilities, the Forest Service acquires and disposes of lands through
land exchanges—trading federal lands for lands owned by willing private
entities, individuals, or state or local governments. In the past, we and
others identified problems in the Forest Service's land exchange program
and made recommendations to correct them. However, in our 2009 report

¹¹Department of Agriculture, Office of Inspector General, Audit Report: Forest Service's Financial Statements for Fiscal Years 2010 and 2009, 08401-11-FM (Washington, D.C., November 2010).

¹⁵Department of Agriculture, 2010 Performance and Accountability Report.

¹⁶08401-11-FM.

on the Forest Service's land exchange program, we found that, although the agency had taken action to address most of the problems we had previously identified, it needed to take additional action to better oversee and manage the land exchange process so as to ensure that land exchanges serve the public interest and return fair value to taxpayers. The that report we made recommendations for the agency to, among other things, strengthen its oversight of the land exchange process, develop a national land tenure strategy, track costs, make certain training mandatory, and develop a formal system to track staff training. The Forest Service generally agreed with our recommendations, but as of October 2010, the agency had yet to develop a national land tenure strategy, track land exchange costs, require specific training for staff working on land exchanges, or fully implement a system to track attendance at training.

Workforce planning. In recent reports, we and Agriculture's Inspector General have raised concerns about the Forest Service's ability to maintain an effective workforce through strategic workforce planning. In a 2010 report, we noted that the Forest Service (like Interior and the Environmental Protection Agency) had fallen short with respect to two of the six leading principles that we and others have identified as important to effective workforce planning: (1) aligning the agency's workforce plan with its strategic plan and (2) monitoring and evaluating its workforce-planning efforts. ¹⁸ Without more clearly aligning its workforce plans with its strategic plan, and monitoring and evaluating its progress in workforce planning, as we recommended in that report, the Forest Service remains at risk of not having the appropriately skilled workforce it needs to effectively achieve its mission. In addition, we reported that the Forest Service developed and issued annual workforce plans containing information on emerging workforce issues and that the agency had identified recommendations to address these issues but did not communicate its recommendations, nor assign responsibility for implementing recommendations. For the Forest Service to further capitalize on its existing workforce-planning efforts, we recommended that the agency communicate its recommendations in its annual 5-year

GAO-11-423T

¹⁷GAO, Federal Land Management: BLM and the Forest Service Have Improved Oversight of the Land Exchange Process, but Additional Actions Are Needed, GAO-09-611 (Washington, D.C.: June 12, 2009).

¹⁸GAO, Workforce Planning: Interior, EPA, and the Forest Service Should Strengthen Linkages to Their Strategic Plans and Improve Evaluation, GAO-10-413 (Washington, D.C.: Mar. 31, 2010).

workforce plan, assign responsibility and establish time frames for implementing the recommendations, and track implementation progress. As of November 2010, the Forest Service had begun several actions to address our recommendations, although they had not yet been fully implemented.

Workforce planning is of particular concern in the area of wildland firefighting. In March 2010, Agriculture's Inspector General reported that the Forest Service lacked a workforce plan specific to firefighters, despite the relatively high number of staff eligible to retire among those in positions critical to firefighting and the agency's own expectations of an increase in the size and number of fires it will be responsible for suppressing. ¹⁹ As the Inspector General noted, a lack of qualified firefighters due to retirements and inadequate planning could jeopardize the Forest Service's ability to accomplish its wildland fire suppression mission, resulting in the loss of more property and natural resources and increased safety risks to fire suppression personnel.

• Strategic approaches for protecting and securing federal lands. In 2010, we issued reports examining different aspects of the Forest Service's response to illegal activities occurring on the lands it manages, including human and drug smuggling into the United States. For example, we reported that the Forest Service, like other federal land management agencies, lacks a risk-based approach to managing its law enforcement resources and concluded that without a more systematic method to assess risks posed by illegal activities, the Forest Service could not be assured that it was allocating scarce resources effectively. ²⁰ For federal lands along the United States border, we reported that communication and coordination between Border Patrol and federal land management agencies, including the Forest Service, had not been effective in certain areas, including the sharing of intelligence and threat information, deployment plans, and radio communications between the agencies. ²¹ In

 $^{^{19}\}mathrm{U.S.}$ Department of Agriculture, Office of Inspector General, Forest Service's Firefighting Succession Planning Process, Audit Report 08601-54-SF (Washington, D.C., March 2010).

²⁰GAO, Federal Lands: Adopting a Formal, Risk-Based Approach Could Help Land Management Agencies Better Manage Their Law Enforcement Resources, GAO-11-144 (Washington, D.C.: Dec. 17, 2010).

²¹GAO, Border Security: Additional Actions Needed to Better Ensure a Coordinated Federal Response to Illegal Activity on Federal Lands, GAO-11-177 (Washington, D.C.: Nov. 18, 2010).

light of these shortcomings, and to better protect resources and the public, we recommended that the Forest Service adopt a risk-based approach to better manage its law enforcement resources and, in conjunction with the Department of the Interior and the Department of Homeland Security, take steps to improve communication and coordination between the agencies. The Forest Service concurred with our recommendations.

• Management strategies for the use of off-highway vehicles (OHV). Over the past few decades, the use of OHVs on federal lands has become a popular form of recreation, although questions have been raised about the effects of OHV use on natural resources and on other visitors. In 2009, we reported that the Forest Service's plans for OHV management lacked key elements of strategic planning, such as results-oriented goals, strategies to achieve the goals, time frames for implementing strategies, and performance measures to monitor incremental progress. ²² We recommended that the Forest Service take a number of steps to provide quality OHV recreational opportunities while protecting natural and cultural resources on federal lands, including identifying additional strategies to improve OHV management, time frames for carrying out the strategies, and performance measures for monitoring progress. As of June 2010, the Forest Service had several actions under way to address our recommendations, but none were yet complete.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions that you or other Members of the Subcommittee may have at this time.

GAO Contacts and Staff Acknowledgments

For further information about this testimony, please contact me at (202) 512-3841 or mittala@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Key contributors to this testimony include Steve Gaty, Assistant Director; Andrea Wamstad Brown; Ellen W. Chu; Jonathan Dent; Griffin Glatt-Dowd; and Richard P. Johnson.

 $^{^{22}\}mathrm{GAO},$ Federal Lands: Enhanced Planning Could Assist Agencies in Managing Increased Use of Off-Highway Vehicles, GAO-09-509 (Washington, D.C. June 30, 2009). This report also examined OHV management at two Interior agencies, the Bureau of Land Management and the National Park Service.

Related GAO Products

Federal Lands: Adopting a Formal, Risk-Based Approach Could Help Land Management Agencies Better Manage Their Law Enforcement Resources. GAO-11-144. Washington, D.C.: December 17, 2010.

Border Security: Additional Actions Needed to Better Ensure a Coordinated Federal Response to Illegal Activity on Federal Lands. GAO-11-177. Washington, D.C.: November 18, 2010.

Workforce Planning: Interior, EPA, and the Forest Service Should Strengthen Linkages to Their Strategic Plans and Improve Evaluation. GAO-10-413. Washington, D.C.: March 31, 2010.

Forest Service: Information on Appeals, Objections, and Litigation Involving Fuel Reduction Activities, Fiscal Years 2006 through 2008. GAO-10-337. Washington, D.C: March 4, 2010.

Wildland Fire Management: Federal Agencies Have Taken Important Steps Forward, but Additional, Strategic Action Is Needed to Capitalize on Those Steps. GAO-09-877. Washington, D.C.: September 9, 2009.

Hardrock Mining: Information on State Royalties and the Number of Abandoned Mine Sites and Hazards. GAO-09-854T. Washington, D.C. July 14, 2009.

Federal Lands: Enhanced Planning Could Assist Agencies in Managing Increased Use of Off-Highway Vehicles. GAO-09-509. Washington, D.C.: June 30, 2009.

Federal Land Management: BLM and the Forest Service Have Improved Oversight of the Land Exchange Process, but Additional Actions Are Needed. GAO-09-611. Washington, D.C: June 12, 2009.

 $Forest\ Service:\ Emerging\ Issues\ Highlight\ the\ Need\ to\ Address\ Persistent\ Management\ Challenges.\ GAO-09-443T.\ Washington,\ D.C.\ March\ 11,\ 2009.$

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Anu K. Mittal

Ms. Anu K. Mittal, is a Director with the Natural Resources and Environment team of the U.S. Government Accountability Office (GAO), in Washington, D.C. She is responsible for leading GAO's work in the areas of Federal Land and Water Resources Stewardship.

Ms. Mittal has been with GAO since 1989, during which time she has led a variety of reviews of federal programs relating to land management, water resources, oceans and fisheries, environmental restoration, energy, defense cleanup, housing, food safety, science and technology, and agriculture issues. She has also served in other organizational capacities and worked on special projects for the Comptroller General.

Ms. Mittal received a Masters in Business Administration from the University of Massachusetts, and completed the senior executive fellow program at the John F. Kennedy School of Government at Harvard University. She has received numerous GAO honors for sustained leadership and exceptional contributions to the agency's mission.

Mr. SIMPSON. Ms. Fong.

TESTIMONY OF INSPECTOR GENERAL PHYLLIS FONG

Ms. Fong. Thank you, Chairman Simpson and Ranking Member Moran and members of the subcommittee. I really appreciate this opportunity to come up here today and talk about our audit and investigative work concerning the Forest Service, and at the outset I want to express our appreciation, the OIG's appreciation for the agency's mission of sustaining the health and diversity of the Nation's grasslands and forests. We deeply respect the Forest Service's dedicated efforts in this area and the very many professional employees that they have across the country.

In that context, we offer our remarks. We are here to try and help the Forest Service address the issues that we have identified. You have my full written statement for the record, so I just want to offer a few brief comments on the three areas that are of concern

to us that we have been focusing on in the last year.

These three areas are basically: Improving the health of the forest system and fighting wildfires; secondly, implementing strong management controls; and third, delivering the Recovery Act pro-

grams as effectively as possible.

So let me just start out with the firefighting topic. We have done quite a bit of work in fighting wildfires and how the Forest Service manages that because it is such a key part of the agency's mission. We recently completed a couple of reviews in this area that I want

to draw your attention to.

First off, we looked at the workforce at the Forest Service and concluded that the Forest Service really needs to focus on developing, recruiting, and retaining its very critical firefighting management jobs. As our report identifies in great detail, we see that that workforce is turning over very quickly, and we do not believe that the agency has adequately addressed that situation. The Forest Service has generally agreed with our recommendations in this

The other topic that we looked at which is related to that deals with the usage by Forest Service of contract labor crews to fight forest fires. We took a quick look to see how the agency was overseeing that program, and we found that there were a number of things that the Forest Service could do better in terms of assessing how effective contract labor crews are. And we have made a number of recommendations, which, again, the agency has generally agreed with us on.

Turning to the issue of management controls in the Forest Service programs, I know management controls is a topic that people say, "what is a management control?" We IG's, we like to talk about that. Very simply put, what we are trying to get at here is does the Forest Service have in place the ability to effectively manage its programs, to deliver the programs the way Congress in-

tended, and to report on how it is doing.

As an example, we took a look at the Invasive Species Program, which is intended to address the problem of invasive species in the forests, and we found that this program is illustrative of the challenges that the Forest Service faces. We concluded that the program lacks a lot of the kinds of controls that you would expect in

a federal program. The Forest Service, for example, does not have an inventory of all the different kinds of invasive species that are out there in the forests. The Forest Service has not assessed the various risks associated with different species, and it has not really assessed the efficacy of the different treatments that are available to deal with different species.

And so when you take all of that together as a whole, we felt that the Forest Service really needed to focus on how it is delivering that program and tighten up its management controls, and we made a number of recommendations, which, again, the agency generally agreed with.

Let me turn to our work in the Recovery Act arena. Congress saw fit to make available \$1.5 billion in recovery money to the Forest Service for capital improvement and maintenance, and for wildland fire management. As part of our oversight responsibilities, we are charged with looking at the expenditure of those funds to make sure that the Forest Service is delivering those programs as effectively as possible.

We have already issued 18 fast reports on this. We have taken a look, and we plan to look at every program within Forest Service that received recovery money. We are right in the middle of all of that, but I can give you right now a general sense of where the Forest Service is.

With respect to the wildland fire management funds, we took a look at a number of grants and contracts that the Forest Service made to non-federal entities, namely state and local entities, private entities, and we found some instances where recipients were getting reimbursed for expenditures that were not appropriate. We found that the grant agreements did not include all the right terms that they should have included. So there is room there for some improvement.

In the area of capital improvement and maintenance projects, we took a look at those and again found that there were some instances of inappropriate purchases where those grantees have sought reimbursement. We also questioned some of the sub-grants to some recipients, and we have found some issues with the execution of contract awards.

And so overall, as we look at the Recovery Act, I would say that the Forest Service has done a good job of putting the money out. They have done a very fine job of getting the money out into the country and the local jurisdictions. We found a few issues with regard to grant and contract awards, and by the end of this coming year we should be able to give you a pretty good assessment of how that all looks from a macro perspective.

I think I will stop at this point and just say that we, again, thank you for the opportunity to be here, and I would be very happy to address any questions that you might have.

[The statement of Phyllis Fong follows:]

UNITED STATES DEPARTMENT OF AGRICULTURE OFFICE OF INSPECTOR GENERAL

STATEMENT OF THE HONORABLE PHYLLIS K. FONG INSPECTOR GENERAL

Before the

Subcommittee on Interior, the Environment, and Related Agencies

Committee on Appropriations
U.S. House of Representatives
March 10, 2011



Good morning, Chairman Simpson, Ranking Member Moran, and Members of the Subcommittee. I would like to thank you for inviting me to testify about our audit and investigative work concerning the Department of Agriculture's (USDA) Forest Service (FS). Given the wide range of FS' programs and the vital public interest served by activities such as fighting wildfires, our FS work is usually high profile and of great interest to Congress and to the public. At the outset, I would like to express OIG's regard for the natural resources stewardship of FS officials and employees across the Nation. In every FS program we review, we find FS employees to be knowledgeable, dedicated, and devoted to the agency's mission of sustaining the health, diversity, and productivity of the Nation's forests and grasslands.

My statement today emphasizes the three management challenges facing FS that OIG believes are most significant. We maintain that FS needs to (1) strengthen its controls and processes to improve the health of the national forests and reduce the costs of fighting fires; (2) implement strong management control systems capable of effectively managing resources, measuring progress towards objectives, and reporting accomplishments objectively; and (3) take steps to ensure that Recovery Act funds are expended in ways that are timely, effective, and transparent.

The audit and investigative work I discuss today is intended to help FS meet these challenges.

Fighting Fires in Our Nation's Forests and Grasslands

Over the last decade FS has dealt with increasingly severe fire seasons, and FS' costs for fighting those fires have more than doubled, rising to more than \$1 billion in FY 2009. These fires are also dangerous to those tasked with fighting them. Tragically, several fires have resulted in the deaths of firefighters.

¹ U.S. Department of Agriculture: Office of Inspector General Management Challenges, August 2010.

Given the costs of these fires—both in money and lives—OIG has conducted a number of reviews intended to help FS better combat these natural disasters. For example, in the area of firefighting succession planning, OIG looked at FS' plans to recruit, train, develop, and retain personnel who fill critical fire management positions, such as fire incident commanders and logistics chiefs. Like the workforce in many Federal agencies, a large portion of FS employees occupying these positions are nearing retirement. In 2009, approximately 26 percent of these critical personnel were eligible to retire; in 5 years, 64 percent will be eligible; and in 10 years, 86 percent. We found that FS has not developed a detailed plan to replace these critical personnel and that its program for training them was inadequate. FS relies on employees to volunteer for positions that interest them, and relies on their preferences coinciding with the agency's needs. Additionally, because FS employees complete their training programs at their own pace, they take an average of 23 years to qualify for critical incident management positions, despite the fact that FS estimates that an employee could qualify in only 11 years with a more focused approach to training. Given our concerns, OIG recommended that FS develop a national workforce plan that would more proactively address openings in the agency's firefighting ranks. FS generally concurred with these recommendations.²

One of the consequences of FS facing shortages in its available firefighting personnel is that the agency must turn more and more to contractors to supply the labor it requires to fight severe fires. In "Forest Service Contracted Labor Crews," OIG reviewed how FS selects and deploys contracted crews, and also reviewed the effectiveness of those crews. We found that FS does not have an annual pre-fire season planning process to analyze data from prior seasons and to determine how its resources can best be used. Additionally, because FS does not have reliable

² 08601-54-SF, Forest Service's Firefighting Succession Planning Process, March 2010.

estimates of the costs of its various contracted firefighting crews or adequate information concerning their performance, the agency is not well positioned to evaluate contracted crews' efficiency and effectiveness. FS could also do more to streamline its process for deploying these crews, as it performed duplicate inspections of crews as they are sent to a fire, costing the Government \$1.7 million in 1 year and delaying the arrival of crews to the fire by an average of 2 hours. We made a number of recommendations aimed at improving how FS administers these contracted fire crews and tracks the expense of using them. FS agreed with most of our recommendations, but we are still working to resolve our issues with how FS tracks contracted crews' performance.3

OIG has also recently completed a follow-up review of two earlier audits pertaining to firefighting safety—"Firefighting Safety Program" and "Firefighting Contract Crews." In our "Firefighting Safety Program" review, we recommended that FS develop a consolidated tracking system that included all of its plans to correct the causes of accidents, as well as its responses to audits and internal reviews related to firefighting safety.⁵ Although FS generally agreed with our recommendations, we found that, 6 years after our previous audit, the agency continued to overlook some safety information that should have been included in its database (e.g., accident reports and hazard abatement plans). In "Firefighting Contract Crews," we recommended that FS improve how it reviews the crews with which it contracts to ensure they are qualified to fight fires. 6 FS did take steps to ensure that key personnel were qualified and fit for duty, but it did

³ 08001-02-AT, Forest Service Contracted Labor Crews, February 2010.

^{4 08601-58-}SF, Forest Service: Firefighting Safety Follow-Up, September 2010.

⁵ 08601-38-SF, Firefighting Safety Program, September 2004. ⁶ 08601-42-SF, Firefighting Contract Crews, March 2006.

not issue agency-wide guidance to ensure that similar reviews would occur in subsequent years. OIG and FS are working to resolve these outstanding recommendations.⁷

Among OIG's most serious fire oversight responsibilities is our Congressionally mandated duty to independently investigate the deaths of FS officers or employees that occur due to wildfire entrapment or burnover.8 In 2002, Congress assigned OIG this responsibility after four firefighters were entrapped and subsequently killed during a burnover in the Thirtymile Fire in Washington State. Our most recent investigation in this area addressed the deaths of five firefighters during the Esperanza Fire near the town of Cabazon, in Southern California. Our report of investigation—published in December 2009—found no issues related to potential misconduct or unauthorized actions by FS personnel involved in the Esperanza Fire.

It is important to note that, when there is a firefighting fatality, OIG's review is one of at least three investigations ongoing at the same time. OIG is not presently conducting one of these reviews, but we are working with FS to develop protocols for the handling of these investigations so that such reviews can be conducted as expeditiously as possible.

Management Controls

Among the various management challenges FS faces is the need to implement a strong system of internal controls so that it can effectively manage resources, measure progress towards its goals and objectives, and accurately report its accomplishments.

Our work on FS' invasive species program illustrates the nature of the challenge facing the agency. FS is responsible for preventing the introduction of invasive species into the lands it

 ^{7 08601-58-}SF, Forest Service Firefighting Safety Follow-Up Audit, September 2010.
 8 Public Law 107-203; see 7 U.S.C. § 2270b.

manages and combating those invasive species that have already been introduced. Affecting hundreds of millions of acres, invasive species are a serious problem; in fact, FS' national strategy calls the problem of invasive species a "catastrophic wildfire in slow motion." In our audit, OIG reviewed FS' invasive species program to determine how effective the agency has been in reducing, minimizing, or eliminating the impact of invasive species in the Nation's forests. We found that FS' invasive species program lacks many of the internal controls ordinarily associated with the effective stewardship of Federal funds, such as an overall assessment of the risks posed by invasive species; effective control activities; effective communication of relevant information within the agency; and adequate monitoring of the program's performance. FS has not inventoried the invasive species affecting U.S. forests, assessed the risks associated with various species, or estimated the efficacy of its available treatments. Moreover, due to how FS accounts for its funds, it cannot state how much money it spends annually on the invasive species program, or how much it is spending to control any given species. Without such information, FS cannot make meaningful statements about the effectiveness and the efficiency of its invasive species treatments. OIG recommended that FS revisit how it has established the invasive species program, and reestablish the program with a sound internal control structure. FS agreed with our recommendations.9

Oversight of Recovery Act Expenditures

As part of the Recovery Act, FS received an additional \$1.15 billion to implement capital improvement maintenance and wildland fire management. With these funds come significant challenges for FS management to ensure that the monies are used quickly, effectively, and transparently. As part of the Act, Congress also mandated that OIG oversee FS' activities to

^{9 08601-7-}AT, Forest Service Invasive Species Program, September 2010.

ensure that Recovery Act funds are spent in a manner minimizing the risk of improper use. In response, OIG has developed a comprehensive plan to review FS Recovery Act programs. OIG has also issued short-turnaround reports, known as Fast Reports, so that USDA program managers can take corrective action as soon as we identify problems. We have published 18 such Fast Reports relating to FS programs and activities, and we are reviewing every FS program that received Recovery Act funding. OIG continues to devote a significant portion of its resources to ongoing Recovery Act work.

Of the \$1.15 billion in Recovery Act funds, the Act included \$650 million for FS to implement capital improvement and maintenance projects, largely through contractors and grant recipients. As part of our oversight, we reviewed specific agreements to see if they had been correctly performed and documented, and also evaluated FS' contract and grant award process. Of the program participants we sampled, we reported instances of inappropriate purchases charged to Recovery Act projects, such as iPhones, promotional t-shirts, office improvements, and vacuum cleaners. One grantee's inappropriate Recovery Act fund expenditures led us to question eight sub-grants totaling about \$317,000. OIG also found that program participants and FS were not keeping adequate project records to ensure transparency and accountability. FS' own execution of contract awards has also experienced problems, including contract announcements not being published on the required Government website, and appropriate contract language—meant to ensure Recovery Act requirements are met and to protect FS' rights to initiate enforcement actions—not being included in some contracts.

Similarly, the Recovery Act included \$500 million for FS to improve its wildland fire management. FS used these additional funds for activities such as its wood-to-energy grants (which promote the use of forest biomass resulting from clearing brush and otherwise reducing

hazardous fuels in forests), as well as for other wildland fire management projects. We reviewed specific Recovery Act-funded grants to non-Federal entities to ensure that recipients complied with applicable laws and regulations. OIG found instances where recipients requested reimbursement for equipment purchases and maintenance that lacked justification, support, or exceeded actual expenditures. We also found that FS' Recovery Act grant agreements did not always include required and necessary language, including language related to ensuring that grantees complied with all appropriate laws and regulations.

At present, OIG is in the process of carrying out reviews of USDA Recovery Act funds that focus on program delivery and compliance. As we move into our Recovery Act oversight for fiscal year 2012, we will be focusing on how USDA agencies report the effectiveness of their program activities. Through our reports, Congress can expect to receive updates on the effectiveness of FS' capital improvement and wildland fire management efforts, and on how FS reports those activities.

In addition to our planned audit work, OIG has received and processed a total of 14 hotline complaints involving the potential misuse of Recovery Act funds. We have included several of these complaints in ongoing Recovery Act audits, and OIG investigations staff are assessing the remaining complaints and following up on the allegations as appropriate.

Financial Statements

Since 2002, FS has contracted with KPMG to review its financial statements, and since that time the agency has gradually eliminated internal control weaknesses related to financial reporting. Partially as a result of centralizing its accounting operations, FS has, for 5 years consecutively, received an unqualified opinion on its financial statements. At present, FS is preparing to

convert to USDA's new financial management system—the Financial Management

Modernization Initiative (FMMI). Though converting to this system is a major undertaking, OIG
believes that FMMI should positively affect how FS maintains and reports its financial data.

Upcoming Audit Work Relating to FS

In the coming months, OIG plans to issue several reports concerning FS programs of interest to the Subcommittee. In response to a hotline complaint alleging fraud and mismanagement of a \$7 million contract that FS signed for the development of fire modeling software (software that FS uses to better understand how fire interacts with terrain, vegetation, weather, and other factors), OIG audited the FS Rocky Mountain Research Station and its relationship with the contractor in question. We are currently awaiting FS' response to our draft report.

OIG has recently completed fieldwork on FS' Special Use Program—a program that provides authorizations for citizens applying to use FS land for a wide variety of purposes, including setting up communication relays, bottling spring water, and guiding and outfitting. Currently, FS is responsible for monitoring more than 74,000 authorizations for over 180 types of uses. Unlike the Department of Interior's Bureau of Land Management—which can use fees from a similar program to help operate its program—FS must pass the fees it collects to the Department of the Treasury. In 2008, these fees amounted to \$15.7 million. We have provided our draft report to the agency and we will be discussing this draft with FS officials in March 2011.

Finally, OIG is completing a review of FS' Forest Legacy Program, a program designed to help States acquire, through easements, partial interest in privately controlled lands in order to restrict development and promote sustainable forest practices. Since the inception of the Forest Legacy Program in 1990, FS has provided over \$595 million to conserve private forest lands, and has

protected nearly 2 million acres in 43 States and territories. OIG initiated this audit to evaluate if projects selected for legacy program funding met eligibility requirements, if project costs were adequately matched, and if projects were properly monitored. We expect our report to be issued as final in March 2011.

OIG Investigations of FS Employee Misconduct

FS employs almost 30,000 people, and it is an unfortunate fact that a small number do not adhere to the high standards of behavior expected of Federal employees. When FS employees commit crimes, OIG conducts investigations intended to bring about the prosecution of the wrongdoers and restore the public trust. Our recent FS-related investigations resulted in the following outcomes:

- A former FS employee in Florida was sentenced to 1 year in prison and ordered to pay almost \$20,000 in restitution after he admitted that he stole material from FS, including automotive repair equipment, and conspired to help a family friend be awarded FS contracts.
- Another FS employee in Wisconsin was sentenced to 1 year in prison and ordered to pay \$320,000 in restitution after she abused her Government purchase card and used the card to deposit money into her personal checking accounts.

Such investigations assist FS managers in identifying fraud schemes and in deterring other employees from engaging in misconduct. In this sense, our investigations also aid FS in strengthening its management controls over its programs.

Conclusion

In conclusion, I would like to reaffirm OIG's commitment to helping FS meet the management challenges outlined in this testimony and to responding to the requirements of the Recovery Act.

Thank you, once again, for inviting me to testify before the Subcommittee. I would be pleased to address any questions.

Phyllis K. Fong Inspector General U.S. Department of Agriculture

Phyllis K. Fong was sworn in as Inspector General for the U.S. Department of Agriculture (USDA) on December 2, 2002. USDA is one of the largest and most diverse departments in the Federal Government. Its mission includes the management of traditional farm programs, private lands conservation, domestic food assistance, agriculture research and education, agricultural marketing, international trade, meat and poultry inspection, forestry, and rural development programs. Ms. Fong had been nominated by President George W. Bush and was confirmed by the U.S. Senate.

As Inspector General, Ms. Fong is the senior official responsible for audits, evaluations, investigations, and law enforcement efforts, relating to USDA's programs and operations. The Office of Inspector General (OIG) provides leadership in promoting economy, efficiency, and effectiveness in USDA programs and addressing fraud, waste, and abuse.

In November 2008, Ms. Fong was elected as the first Chairperson of the Council of Inspectors General on Integrity and Efficiency (CIGIE), which was established by the Inspector General Reform Act of 2008, to consolidate the former President's Council on Integrity and Efficiency (PCIE) and Executive Council on Integrity and Efficiency. CIGIE's members include 73 Federal Inspectors General, and its mission is to promote economy and effectiveness in Federal programs through coordinated Governmentwide activities. Previously, Ms. Fong served as Chair of the PCIE Legislation Committee and was a member of the PCIE Audit Committee. She also served as PCIE representative to the Comptroller General's Advisory Council on Government Auditing Standards.

Ms. Fong also serves as a member of the Recovery Accountability and Transparency Board, which was established by Congress to oversee Federal spending under the American Recovery and Reinvestment Act of 2009.

Prior to her appointment at USDA, Ms. Fong was nominated by President Bill Clinton and confirmed by the U.S. Senate to be Inspector General of the U.S. Small Business Administration (SBA). Ms. Fong served as SBA's Inspector General from April 1999 until December 2002. A career member of the Senior Executive Service, she had also held several positions at SBA OIG, including Assistant Inspector General for Management and Legal Counsel (1994-1999) and Assistant Inspector General for Management and Policy (1988-1994). She also served as Assistant General Counsel for the Legal Services Corporation (1981-1983) and as an attorney with the U.S. Commission on Civil Rights (1978-1981).

Ms. Fong was born in Philadelphia, Pennsylvania, and raised in Honolulu, Hawaii. She graduated from Pomona College with a B.A. degree in Asian studies and earned her J.D. degree from Vanderbilt University School of Law. Ms. Fong is a member of the Tennessee and District of Columbia bars. She and her husband, Paul Tellier, have two children.

IMPLEMENTATION OF OIG RECOMMENDATIONS

Mr. SIMPSON. It has been a couple of years since the GAO and IG testified before this subcommittee, and we find that a lot of the issues seem to repeat and repeat and repeat. What percentage of the recommendations that you make do you feel are addressed by the Department and which ones find themselves on the shelf? Any idea?

Ms. Fong. Well, let me just preface by saying that when we work with the Forest Service, we start out our audit engagements and try to reach a very clear understanding with the agency as to what we are looking at. We try to ascertain what their concerns are so that whatever report we come out with is useful to them and useful to the Hill and to the Secretary as well and addresses the issues that we have identified.

And what we have found generally is that we have a very good professional working relationship with the agency. By and large, when we sit down and issue our reports and our recommendations, they by and large agree with them. There will be a few areas where we may not have agreement, and that is to be expected, but generally they see the value in our recommendations, and they agree to take action.

Where we start to perhaps lose the bubble, as they say, is that it takes a lot of effort to implement recommendations, and some of these recommendations do involve quite a bit of work to think through. It may involve some staff time. It may involve the need for independent looks. It may involve quite a bit of focus on the part of the agency, and so if the fix is not something that can be done quickly, we have seen the recommendations that involve more long-term analysis tend to take quite a bit of time, and those, of course, are the big issues.

Mr. SIMPSON. Yes.

Ms. Fong. Those are the very difficult issues.

Mr. SIMPSON. And wildfire management is a big issue.

Ms. Fong. Exactly.

ALBUQUERQUE SERVICE CENTER

Mr. SIMPSON. The Albuquerque Service Center, specifically the IT and HR functions, have been problematic and, frankly, demoralizing for many Forest Service employees as I have talked to Forest Service employees over the years that I have been in Congress. I was surprised when the report came out in 2009, maybe not so much surprised after talking to many of them, that out of the 216 agencies—in terms of the best place to work—the Forest Service ranked 206, which you would have thought, you know, anybody that ought to be happy with their job is working in the forests and stuff.

And it seemed like a lot of it came back to the Albuquerque Center and the centralization of a lot of those efforts there. Have you looked at that at all?

Ms. MITTAL. We actually have a review ongoing right now at the request of this subcommittee and the Senate Subcommittee on Appropriations, and we are doing a comprehensive review of the Albuquerque Service Center consolidation. We are looking at how much

it has cost to consolidate all of the business services in Albuquerque. We are looking at the savings, if there have been any, as a result of the consolidation. We are also taking a very thorough look at the effects that it has had on agency operations.

So we are looking at effects across the agency, both at the agency-wide as well as the field office level, of course, paying particular

attention to the field offices and the field staff.

And, finally, we are looking at how the Forest Service is measuring progress in implementing the consolidation and centralization. So that review is ongoing. We are in the process of completing our audit work. We should be done by the end of April in terms of our audit work, and at that point we should be able to sit down with the staff, the committee, and give them a pretty good overview of our preliminary findings. The report will be issued later this summer.

Mr. SIMPSON. Later this summer.

Ms. MITTAL. Uh-huh.

INTEGRATED RESOURCE RESTORATION PROGRAM

Mr. SIMPSON. The 2012 budget request of the Forest Service proposed combining several operating line items such as wild fire or wildlife, forest products, watershed, hazardous fuels, and road funding to create a large bucket of funding for the Integrated Resource Restoration Account. Presumably this line item would pay for projects that would achieve numerous goals such as road maintenance, foresting projects that would also improve the watershed and produce wood products.

In concept this sounds like a good idea. I am concerned, however, that if the Forest Service in your findings lacks, or you have concerns about their oversight and strategic planning process and their financial management systems that currently exist, throwing all of these different line items into a big bucket of funding may, in fact, do more harm than good in terms of being able to do that strategic planning and financial oversight.

Is that a concern? Would that be a concern to you?

Ms. MITTAL. I can start by saying that we have not actually looked at how they are going to do this consolidation, so I cannot comment on the IRR, but what I can say is that you are absolutely right. Given how much difficulty they have in providing oversight over individual programs and ensuring that they are tracking costs, which they oftentimes do not do, it really is a concern that if they bundle everything together and lump it together in this account, then how are they going to manage it. It does raise some concerns given their past management control issues.

Mr. SIMPSON. Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman. That is an ongoing issue we have in so many agencies, you know. We worry about duplication and overlap, but then on the other hand when we consolidate programs, we have difficulty in tracking and auditing the money as well. I would like to kind of see what the Integrated Resource Restoration Program is able to achieve.

But I share the chairman's concern on the other hand if we can achieve the economy to scale and efficiencies, then management and operational, that would be good.

STEWARDSHIP CONTRACTING PROGRAM

There is a Stewardship Contracting Program in the Forest Service that allows it to trade goods like timber for services to improve the condition of the public lands. The Forest Service wants to do a lot more of that with its forestry and restoration projects using these in-kind swap contracts.

Can we be assured that the various field units are getting a fair return for the timber that they are trading for services? I would think that would be a difficult thing to monitor, and either the

GAO or the Inspector General can respond.

Ms. MITTAL. We did a comprehensive review of the Stewardship Contracting Programs a couple of years ago and generally what we found is that the, again, and I hate to sound like a broken record, but the agency did not have comprehensive data on the stewardship contracts that it had used, and it was hard to figure out what they had used them for, and they did not have a national strategy for the use of stewardship contracts.

What we did find is that they have been using stewardship contracts for very small projects. They have not been using it for some of the more complicated, multi-year types of projects that it has the potential to be used for.

FIRE SUPPRESSION

Mr. MORAN. Has the Forest Service adjusted its fire programs to fit the new reality of changed climates and increased suburbanization of the wildlands? We know that the last decade has been the hottest on record with some of the most volatile temperature changes and temperature events.

Has there been a change to reflect what has happened in terms of climate and its impact upon the forests of the country? I guess I will ask the Inspector General. I know each year we get lip service to it saying that we are going to, but I do not know whether

it has actually been done.

Ms. Fong. Well, we had done an audit a couple of years ago on large fire suppression and wildland fire and the ways, the different ways that the Forest Service addresses that, and we identified a number of concerns with respect to fire suppression and the WUI, the Wildland Urban Interface, and we made a lot of recommendations on how the Forest Service could improve how it manages that

We understand from the Forest Service that they agreed with our recommendations, and they have told us that they have taken action. Now, we have not gone in yet to verify. We do have two audits on our books that we have planned to start later this year that will go in and take a look at whether those recommendations have been successfully implemented, and we should have a better view

on that probably in the next year.

SPECIAL USE PERMITS

Mr. MORAN. Okay. One other area of questioning. The IG mentions the work that has been completed on special use permits; 74,000 authorizations for over 180 different kinds of land uses. Can you give us a sense of what you found and whether or not the Service is providing adequate oversight, public resources, and seeing that the public gets a fair share of revenues?

In your testimony you talked about 15.7 million, in 2008, and that the funds go to the Treasury. You know, at Interior funds stay with the bureaus, and I wonder if an incentive program would serve us better in which the agency can reinvest some of the funds in managing the program or restoring natural resources. They would have a greater incentive, and I wonder if that would not be beneficial to all of us, Ms. Fong.

Ms. Fong. Well, I think you have really hit the nail on the head. I think you make a very good point about the program as it is run at the Forest Service compared to how it is run at the Department of Interior. As you point out, the monies that come in, the Forest Service spends quite a bit of time on that program, but the monies all must be delivered over to the Department of the Treasury, and so they do not benefit the Forest Service.

We are getting ready to issue that report, and it should be out in the next month or so, and at that point I think you will find those recommendations very helpful to you. We will make sure that the committee gets a copy of that.

Mr. MORAN. Very good. Thank you. I am fine, Mr. Chairman. Thank you.

Mr. ŠIMPSON. Mr. Calvert.

BORDER PATROL

Mr. CALVERT. Thank you, Mr. Chairman. I appreciate it. Thank you for coming today, Ms. Fong. I appreciate that. I represent the Cleveland National Forest out in southern California, and we have had a lot of challenges with the Cleveland National Forest, especially as a smuggling route up from Mexico. I was wondering in your investigation did you look into how the Forest Service works with DHS and with the Border Patrol? Do they coordinate their activities and work well together?

Ms. MITTAL. We actually did look at all of the land management agencies and how they are working with the Border Patrol along the southwest border, and what we found is that they have established a number of MOUs, memorandums of understanding, to increase cooperation and coordination with Border Patrol but not in all cases does that coordination and cooperation actually occur.

And so we made a number of recommendations to encourage them to enhance the coordination and cooperation with Border Patrol. Some of the concerns that we had is that they do not receive the threat assessments from Border Patrol, they have not developed joint budgets for operations in those areas, they have not developed strategies and joint operations for their law enforcement to work together.

Mr. CALVERT. Does the Forest Service allow access for the Border Patrol, for DHS and for local law enforcement into those areas?

Ms. MITTAL. Yes, it does. If Border Patrol requests it and they are required under the MOU to grant them access as long as they comply with the environmental laws.

LAND EXCHANGES

Mr. CALVERT. Okay. On the issue of land exchanges, there have been a number of land exchanges, usually for public benefit. Usually for roadways or some other purpose. Trying to get these land exchanges done virtually in every case is time consuming. It seems that the process is never ending, and even when it is to a mutual benefit to the Forest Service and to the public agency. Why is that the case? From my anecdotal information, people say it is generally the fault of the Forest Service. Why do these land exchanges take so long to complete?

Ms. MITTAL. Land exchanges are a very complex process. One of the challenges that the land management agencies have shared with us, including the Forest Service, is the fact that they do not have the adequate staffing with the right types of training to conduct all of the different aspects of a land exchange. It is generally a lower priority within the agency so it does not get the attention it deserves.

In addition to that, we found that they do not have a national strategy on how they are going to go about doing land exchanges. So they have not set priorities for what land exchanges they should be focusing on, and in terms of the training for the staff, they have not made mandatory training available to the staff, and they do not track that training. So even though they have these challenges, they have not taken the steps that would help move the program forward

Mr. CALVERT. I assume fees are paid for these land exchanges. Has the Forest Service looked into bringing in outside help to move these things along, or do they have the authority to do so?

Ms. MITTAL. I do not have the answer to that question. I would have to check.

INVENTORY OF RESOURCES

Mr. CALVERT. Okay. You mentioned inventory of invasive species, and certainly we have a significant amount of invasive species throughout the national forests, but what about an inventory of resources? Over the years has the Forest Service kept an inventory of those resources? Some as you know are abandoned hard rock mines or abandoned resources of one kind or another. For potential future benefit, do they keep an inventory of that?

Ms. FONG. I am taking from your question that you are talking generally about whether the Forest Service has an inventory of all its capital assets and property.

Mr. CALVERT. Right. Well, like the Bureau of Land Management supposedly has an inventory of their resources that they are able to call up at any moment. Is that the case in the Forestry Service?

Ms. Fong. I am not sure that we have done specific work on that, but I do recall a few years ago that there were some questions about inventory of capital property within the Forest Service, and that may address your question. If you would like, I could provide information for the record.

[The information follows:]

Forest Service has many systems to track its resources and assets. Specifically, Forest Service's fixed asset system(s) track and account for its property for inven-

tory and financial management. This was the system I referenced during the hearing where I recalled a few years ago that there were some questions about inventory of capital property within Forest Service. The issue related to capital property and inventory has been resolved over the years and there are currently no outstanding reported deficiencies related to property attributed to the financial statement audit. The most recent deficiency reported in FYs 2008 and 2009 (but closed in FY 2010) was related to the plan to improve the quality of the 5-year pooled real property physical inventories.

Forest Service does track the quality and number of abandoned mines on Forest Service property. Currently, we are conducting audit work reviewing the use of Recovery Act funds for remediation of abandoned mines on Forest Service lands. This

work was referred to in our written testimony.

In regard to resource deployment, Forest Service does maintain systems to manage and provide resources for its various missions. Specifically, there are various systems to deploy human and tangible resources in relation to its wildland fire management and related mission lines. Some of these systems are fully in-house, while others are multi-organizational systems linked to other Federal and State agencies. Additionally, Forest Service employs many systems to manage assets related to the National Forest lands. These include timber growth, sales, revenue, and recreational assets used by visitors to National Forests and other Forest Service-managed lands.

Mr. CALVERT. That would be helpful. Thank you.

Thank you, Mr. Chairman.

Mr. SIMPSON. Mr. Flake.

RECOVERY ACT FUNDING

Mr. Flake. Thank you, Mr. Chairman. Thank you for the testi-

With regard to the Recovery Act funds, you mentioned that there were problems, some inappropriate expenditures and what not. Obviously that is from a lack of some kind of controls there. It seems that these things seem to come up routinely. Why has it been so hard to get them to put these controls in place? Why do we have to discover it with an IG report or GAO report?

Ms. Fong. I would say generally that grants management and contract management is a very specialized area, and it is an area that within the Department of Agriculture as a whole we need to spend a lot of time on, because the expertise there really needs to be further developed and refined.

We are seeing that coming out in our work in the Forest Service because the money for the Recovery Act had to be put out very, very quickly; there were some statutory requirements on that.

Mr. Flake. We are finding that in a lot of areas.

Ms. Fong. Exactly. It is not an issue that is confined to the Forest Service, and so as we go through and do our oversight work, we are seeing at the back end controls that really should have been addressed at the front one. I think that would be very useful to the Forest Service moving forward as it administers its grant and contract programs, that they will have benefited from the experience that they are going through right now with Recovery, and this will enable them to put in effective controls for the future.

Mr. Flake. What percentage of the 1.5 billion that was provided

was subject to these lax controls or whatever else? A big chunk of

it, all of it? What are we looking at here?

Ms. Fong. From the IG's perspective we are looking at all of the funds that the Forest Service received under the Recovery Act. We are in the middle of our work. We have done, we have reviewed field work on about half of what we need to look at, and we are in the middle of the rest of it. At this stage of the game what we are seeing is individual instances here and there of inappropriate claims for expenditures, inappropriate documentation. We will probably have a more comprehensive overview and can give you a better sense of it in about 6 months when we finish all of our fieldwork.

Right now all I could give you would be bits and pieces, anec-

dotal evidence.

Mr. FLAKE. All right. Thank you. Mr. SIMPSON. Thank you. Mr. Lewis.

LAW ENFORCEMENT TECHNOLOGY

Mr. Lewis. Thank you, Mr. Chairman. I am sorry about arriving late and going to be leaving early, but in the meantime I very

much appreciate both of you being here.

The Forest Service and San Bernardino National Forest dramatically impacts at least two of us here in the room and the work over the years, our relationship with the agency has been overall extremely positive. You know, the fire problems and the challenges,

the difficulties have been very, very real.

I want to ask two questions quickly. One takes me back to an early day when another guy and I went to visit some of the forests in northern California, and part of the reason for this overflight was to have the Forest Service show us an example of the way the forest oftentimes is abused. And we landed our helicopter somewhere nearby and then we went up to visit the fields of one of those growth ag products that are not automatically a part of the forest work.

And what occurred to me at that point in time as you are dealing with invasive species, if you will, I wonder just how well we have developed our IT programming to be able to automatically be in a position to get response to challenges like that without the Forest Service becoming the police officers for the world.

It would seem to me it would be software programming that would say when something like this occurs, the first thing that happens is you plug it into your computer, and you notify the appropriate agencies, not just federal but local and otherwise, about, hey, we got 16 acres of pot growing out here, and why do you not do something about it.

Do we have that kind of software interaction? I mean, does the Forest Service think aggressively in terms of that sort of use of re-

sources? I think the answer is no. Right?

Ms. Fong. You know, let me just comment generally. I know the Forest Service is trying very hard to bring its IT systems up to date and current. They face a lot of challenges. Funding is one, de-

sign is another.

Mr. Lewis. Well, we have heard a lot about their not being very good at being able to get one piece of the agency to communicate with another and using the IT, why do we have computers in the first place. But this is just kind of a fundamental rifle shot at an example of how we might be able to accelerate the value of these computer assets. I am sorry.

Ms. Fong. Well, I think it is a very good point, and I believe we have some work that we will be doing shortly on law enforcement

issues within the Forest Service, and I will make a note that we should take a look at their IT systems.

Mr. Lewis. I would be very interested in your response.

Ms. MITTAL. If I could just add to that, when we did look at the law enforcement programs at the Forest Service, we did not see any indication that they were using that sort of software or IT facility. They could not even tell us how many incidents were occurring on Forest Service land, they could not tell us what the effect of those incidents were. They knew in certain places they knew it was happening, like the marijuana growing and things like that.

Mr. Lewis. Correct.

Ms. MITTAL. They knew about it, but they could not quantify that for us.

Mr. LEWIS. Which is an indication of potentially a very serious problem that we tend to build walls between our sub-agencies of a department like Interior, then we build walls between their law enforcement people and their responsibilities to see that the reports are used appropriately. And if we are not exercising simple things like computer programs, man, we have got a long ways to go.

PERSONNEL TURNOVER

One other very brief thing, Mr. Chairman. I will be very interested in your report regarding what the thoughts are about turnover of personnel, young people being hired, trained, and bang, somebody else locally or otherwise hires them out the door. I hope we have some imaginative ideas besides just pay as to how we can have these agencies not be 106th on the list or whatever—206th. Yes.

Ms. Fong. We have issued a report on firefighting succession plans, and I think you might have noticed it in my testimony today that we have identified this as a very significant challenge for the Forest Service because their turnover rate, their rate of retirements is very, very high, and the length of time it takes to train somebody to be an incident commander, for example, averages 23 years, which is just not a good thing.

And to my thinking, I think one of the most critical issues facing the Service right now is to get that pipeline going, or we are going

to have major problems in the next few years.

Mr. LEWIS. Mr. Chairman, I think we need to look carefully at both the—GAO has to say about a subject like that personnel turn-over critical to our being successful. We should not be training peo-

ple for the local government takeover or something.

Mr. SIMPSON. Well, it is certainly an issue when we have the Forest Service in to talk to them about what they are doing to address that turnover. I have met some marvelous incident commanders that have done fantastic jobs, but as you said, they are not going to be around forever, and it bothers me. I mean, most people that have not been out on a forest fire do not understand it is not just picking up a shovel like it used to be in 1910 and going and throwing dirt on it. When I was first elected, we had one that burned 1.8 million acres up in Idaho, and I took my chief of staff and said, let's go fight a forest fire, and he thought I was nuts.

But we called the local Director of the Forest Service and said we were going to come up, we wanted them to treat us like a forest firefighter so that we knew that it took. And we spent a couple days up there with them, and it is huge. You have 5,000 people out there to fight one of these fires to make sure that the personnel are in the right place the next morning, that they have the food and water they are going to need. I mean, it is a huge undertaking.

And incident commander is a hell of a responsibility.

Mr. Lewis. By the way, Mr. Chairman, as I was closing that out, I really am appreciative as well as you are, but I wanted the Forest Service to know there is a lot of interest in this subject here. I am sure you will make sure that is available.

Mr. SIMPSON. Mr. Cole.

Mr. Cole. Thank you, Mr. Chairman. I am always hesitant when we get on this subject. When you are from Oklahoma, if we see three trees together, we think it is a conspiracy, and that they are talking to one another. We do not know a lot about forests, but I wanted to pick up on an area, I had actually marked this in your

testimony, and I apologize for arriving late.

But the same concerns that Mr. Lewis expressed, just about the aging of the workforce that you mentioned in your testimony, which those are really striking figures about what percentage, 64 percent within a few years of retirement. And when you say they have not planned adequately, before you asked the questions was there any plan? Were people thinking about this? Were people recognizing it, or did you say, hey, look around the table you guys are getting old here. Anybody thinking about who would be here next?

Ms. Fong. My sense is that there is an awareness of the issue, and it is certainly not an issue that has taken anybody by surprise. You know, throughout the Federal Government there has been this whole issue of the baby boom generation all approaching retirement, and so it is an issue of general concern to every agency in

the Federal Government.

I think where perhaps we have added some useful thinking to the subject is that we have tried to identify what is going on within the Forest Service that tends to act as a disincentive to people to get their training done more quickly, and we have tried to point out to the Forest Service things that they can do to actually address these issues, to create some incentives, to perhaps require people to serve on fires, perhaps direct the training to be done much more quickly.

And I think all of those things will spawn a debate within the Forest Service as to whether this works for their organization, cul-

ture, and mission.

Mr. COLE. In the Forest Service how do they identify how they want to recruit people? Let me give you sort of an example where I have seen a similar problem addressed I think pretty well.

Tinker Air Force Base has an aging workforce. That is one of the big depots and getting mechanics is difficult and it is a very skilled profession, particularly when you are rehabilitating air frames that are 50 years old. It is almost a craftsman. It is not an industrial process of mass production.

And they literally saw this coming, went to local community colleges, sat down with the state government, helped them design the

training programs that would begin to produce people because they are good jobs. They are well-paying jobs, and the schools produced the kind of worker that they wanted to hire. Literally went into the high schools in some places, sat down with retiring military personnel who acquired the skills working on aircraft, did a really masterful job and now have an ongoing training program, and we are not going to miss a beat. And that was all driven by the institution. That is by the Air Force and by the folks that saw this coming.

Do we have anything like that in the Forest Service? Did somebody say there has got to be community colleges in Idaho and places like that where here is this promising career or a career tech-type situation, sit down and develop programs for those people so they would actually direct their graduates towards you?

Ms. Fong. Well, I think you have a terrific idea there, and I think it makes a lot of sense for agencies to be thinking very creatively about how they can partner with educational institutions.

In the case of our work, we focused on the senior fire management positions, which are the incident commander and the position that coordinates all of the support services, which would not necessarily be entry-level types of jobs. And I think, you know, some of your ideas perhaps we should explore with the Forest Service to see if they would apply to the way the Forest Service is addressing its issues at the senior level as well.

Mr. Cole. Well, I would just assume since you pointed out that this is a generational problem. It is a problem across federal service. There ought to be a sort of best practices almost agency by agency. When you have got this problem, here are some of the things you should be thinking about. They are not my ideas. They are just ideas I saw applied by one institution.

Ms. MITTAL. If I could add to that, when we looked at their work-force planning efforts, one of the things that we noted is that the Forest Service had identified key competencies that it needs to conduct its mission, but one of the things that they had not done was a gaps analysis. And that actually feeds into exactly what you were saying, that if they do a gaps analysis which tells them where the competencies that they do not have and what are the types of people and what are the types of skills they need to hire, then they can start making those kinds of decisions and looking for those relationships with community colleges, with other places where they can start getting those skills and those abilities into the organization

But because they have not done that critical gaps analysis, they are not there yet where they can start implementing those strategies.

Mr. Cole. Have they committed to do that, though, in their discussions with you?

Ms. MITTAL. They have told us that they are going to do the gaps analysis. Another area that we found that there are limitations is they have not used all of their human capital flexibilities available to them, and that would also help, you know, things like retention bonuses or paying back tuition for the new hires, those types of things.

So those things are available to them as well, and they have not used them as effectively as they could, but they do plan to do so in the future.

RECOVERY ACT FUNDS

Mr. COLE. I do not want to overuse my time, Chairman. I have one or two other areas. Well, the other area that interested me in just looking at the testimony was your discussion and your analysis about what had happened with the Recovery funds.

And I want to ask a very general question, and you just sort of take it where you want. I look on this whether you were for it or not, this was an enormous, one-time opportunity that is unlikely to ever come again to really focus on big capital items or some, the

one that you just cannot deal with on a yearly basis.

If you had to judge broadly how well has the Forest Service used the money to deal with big one-time problems as opposed to here is my kind of wish list, and I want to get this IT thing. That is just dealing with immediate need. It is sort of like money comes in, this is your chance to put all the money back to educate your kid, or we can go to Bermuda. There is just no plan to it.

And I know they had to move very rapidly, but were they able

to do that sort of thing?

Ms. Fong. Well, looking at the money that the Forest Service got, they got two pots of money: half for capital improvements and half for wildland fire and hazardous fuels. And as you mentioned, they got the money out very quickly.

As we are starting to look at it, we are identifying questions in our own mind as to whether or not the money went to the areas where it was intended to go. In particular, we are asking questions like, "did the money really go to communities that were underserved?" I think that was one of the requirements that was put on by the Recovery Act, to send the money to the communities that really were economically distressed.

And we have some initial findings on that. As we move through the next year and we look at the results of the Recovery money to see where the money ultimately went and what was accomplished with that money, I think we will be able to give you an assessment as to whether or not the Forest Service was able to effectively use that money.

Mr. COLE. At GAO are you doing that across the board so to speak? Because I suspect again whatever problems we find with the Forest Service, if there are any, you are going to see in other places.

Ms. MITTAL. Right. Most of the GAO Recovery Act work has focused on funds that were provided to the state and local governments. So we have not looked agency by agency at the Recovery Act spending. We have been primarily focused on the money that passed through to the state and local governments.

Mr. Cole. Is there a plan to do that at some point? I know the

volume of work we are talking about here is enormous.

Ms. MITTAL. Right now I am not aware of it. Most of the work that we are doing on the Recovery Act has been requested by individual committees where they are concerned about their particular department or agency, and so we do not have a government-wide

effort ongoing right now.
Mr. COLE. That is something, Mr. Chairman, maybe you as chairman talking with the other chairmen, it would be nice to have, because this was massive. Again, it was one-time. We spent more money in one bill than we spent on the war in Iraq and Afghanistan, I think, combined up to that point, but that kind of effort.

So there needs to be some sort of sense of whether or not this huge one-time investment got us something that was tangible and long-lasting.

Anyway, I yield back. Thank you very much.

Mr. SIMPSON. Mrs. Lummis.

Mrs. Lummis. And I apologize for being late. It is Ms. Mittal?

Ms. MITTAL. Yes.

FIRE PROGRAM ANALYSIS TOOL

Mrs. Lummis. It is very nice to meet you. Thanks. You noted that the GAO has consistently been concerned about the interagency development of the Fire Program Analysis tool that is intended to allow agencies to analyze asset combinations and strategies for fuel reduction and, you know, determine a more cost-effective approach or the most cost-effective approach.

What do you recommend as a path forward here so the fire pro-

gram can develop a tool to analyze that?

Ms. MITTAL. Well, they have been working on this tool for almost a decade now. Congress required them to develop the Fire Program Analysis tool in 2001, and in 2002, the agency started working on the tool. They were supposed to be done with the tool in 5 years, and it is about 10 years later, and they are still not done. What we would like to see is that they have science that underlies the tool, be peer reviewed so that we have some assurance that the tool will be developing good analysis and the data that comes out of this tool is reliable. So we think that that is a very important step that needs to be undertaken.

We were also concerned by some of the changes that they made during the course of developing the tool that they did not document as to why they were making those changes. So that is an important

aspect of the development that needs to be done.

The other thing is that the way they have been rolled out, the tool has been a little bit confusing, because even before it was ready they were starting to use it, and so I think what that did is it raised some concerns about the effectiveness of the tool.

So not only has the development been a little bit choppy, but then you have got the management of the tool has been not very effective.

Mrs. Lummis. Would you care to comment on that?

Ms. Fong. No, thank you. Mrs. Lummis. Okay. That is fine. Well, do you think we are going to be able after this investment of time, Ms. Mittal, to get a useful tool that is worth all the time and effort that is being put into it?

Ms. MITTAL. Honestly, I cannot answer that question right now. There is so much uncertainty about what this tool is going to be able to provide in terms of results that I cannot answer that question at this point in time. I mean, it had a lot of promise. There were a lot of things that they were doing. It is a very complex modeling process that they are going through. We recognize that, but it has also been a very long time and a lot of money that has gone into it, and at this point in time we are not sure about the results that are going to come out of this tool.

Mrs. Lummis. Thank you. Thanks, Mr. Chairman. Mr. Simpson. Let me ask just a couple other questions.

INVASIVE SPECIES

You mentioned something near and dear to my heart, invasive species. I have had several organizations, groups, county WEED personnel, others meet with me about trying to change the way we do invasive species, and their argument was, and I think the number that they gave me, I might be off, but it was like only about 5 percent of the funds being spent on invasive species actually killed invasive species, those that are used on the ground to spray invasive species.

Do you know if that is true or accurate or anything like that? Ms. Fong. Yes. In our work on invasive species we did not look at that, and I am looking at my staff here, and I am not sure that we can provide you any additional information.

Mr. SIMPSON. Okay. I will ask the Forest Service that.

CLIMATE CHANGE

One other issue that I have been concerned with over the last several years, and I do not know if you have done any work on it yet or not, deals with climate change, in that in this budget we are spending about \$500 million, close to half a billion dollars, on climate change studies, and the Forest Service gets some, you know, namely the agency within the Interior budget, gets some money to study climate change.

My concern is not that we are spending money on studying climate change, but that I do not see any coordination between all the other agencies. It has become the key phrase, as I like to say after 9/11 the key phrase was homeland security if you wanted to increase your budget. Now the key phrase is climate change, so everybody is putting in money for climate change. I suspect some of the science that is actually being done is science that was being done before, but now we are going to define it as climate change science because it is easier to get money for that because everybody is concerned about climate change.

Have we done anything—have either of your agencies done anything—to look at the coordination of the amount of money? I mean, it is hard to tell how much just within our budget we are spending in climate change, but government-wide it is incredible how much we are spending.

And I do not mind doing that. I just want to know that there is some coordination between all of it, and that it is not just how agencies are rebuilding science programs that they would like to rebuild.

Has anybody done any study of that or anything related to it? Ms. MITTAL. We do have an ongoing engagement looking at the total amount of money being spent by the Federal Government on

climate change, and that report is going to be issued at the end of April, early May. And it looks at how the strategic priorities are being set for climate change funding and whether the funding is

actually going to those strategic priorities.

At the Forest Service we have looked at their R&D Program, and climate change research is one of the five emerging issues that they are focusing on. We also looked at coordination between the Forest Service and other agencies that do similar research, and we actually found that the Forest Service R&D Program had put in improved coordination mechanisms with these other agencies so that they were not duplicating one another but were actually complimenting each other's research.

Mr. SIMPSON. That is good to know. My impression in just talking to all the different agencies, and I do not have anything to back it up—it was just my impression—is that the Forest Service probably does a better job of overseeing their climate change science

than just about any of the other agencies.

Ms. MITTAL. Well, I think overall we were very surprised, pleasantly surprised that the Forest Service R&D Program is a very well-managed program. Usually when we go in we always find negative things, but for the R&D Program over at the Forest Service we were surprised by how well they are managing that program.

Mr. SIMPSON. I have thought seriously about putting together a line item within the budget, and it would take some authorizing legislation, too, that, say, within the Interior budget puts the money not into each specific agency, but into a climate change budget and then has, I do not know, a panel, I have not considered yet who that would be, and that different agencies might apply to that panel with their research projects of what they want to do and how they want to spend it. Then somebody coordinates it centrally to make sure that it is being done wisely, and we are using it in the highest priority areas that we should.

So, anyway, those are some discussions that I think will probably

be coming up over the next year.

Any other questions, Mr. Cole? Mrs. Lummis? Mrs. Lummis. No, thank you, Mr. Chairman.

Mr. SIMPSON. Thank you both for being here today. Your reports are actually very valuable to us in that they form the basis for a lot of the inquiry we will have with the Department. I hope that the Department, I am sure the Department knows that we are looking at your reports also and will ask them questions about why some of the things are being implemented and why some of them are not, but I appreciate the work you do, and thanks for being here today.

Response to Post-Hearing Questions for the Record

Subcommittee on Interior, Environment, and Related Agencies

Committee on Appropriations

House of Representatives

Hearing Held March 10, 2011

Questions for the Record Submitted by Chairman Simpson

History of Management Challenges at the U.S. Forest Service

It's been two years since the GAO and IG last testified before the subcommittee. Many of the issues you've raised today have been around for many, many years and have spanned several administrations.

Simpson Q1: What percentage of the recommendations that you make end up being addressed by the Department and what percentage simply end up on a shelf gathering dust?

GAO Response:

From fiscal year 2005 through fiscal year 2010, we made at least 64 recommendations to the Forest Service. Of the 64 recommendations, the Forest Service had taken sufficient steps for us to consider 10 as implemented, 10 other recommendations were "closed" as not implemented—meaning either that the agency has indicated it does not plan to implement the recommendation or that sufficient time has passed (typically 4 years) that we have stopped tracking the recommendation. The remaining 44 recommendations remain "open"—meaning that GAO continues to track the Forest Service's actions to

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implement them. In some cases, the agency has taken steps toward implementing the recommendation, steps which may allow us in the future to consider them implemented. In contrast, the agency has taken few steps to implement other recommendations, and in some of those cases, it appears unlikely that the agency will take sufficient steps for us to consider the recommendation implemented.

Simpson Q2: Do you find that the Forest Service is more responsive when it knows that Congress is taking an interest in a particular issue?

GAO Response:

We believe that congressional interest or direction can inform how agencies prioritize the issues they confront. For example, we first recommended the Forest Service develop a wildland fire cohesive strategy in 1999 and reiterated that recommendation numerous times in the 2000s. The Forest Service and Interior agencies consistently concurred with these recommendations but did not implement them. Congress subsequently passed the Federal Land Assistance, Management, and Enhancement Act of 2009, which requires the agencies to produce a cohesive strategy consistent with our recommendations within 1 year. In response, the agencies released two documents in March 2011 intended to provide the foundation for a cohesive strategy. It is not clear that these documents will fully meet the intent of our recommendations (see our response to question 10 below), but it appears that the agencies took these actions because of the statutory requirements enacted by Congress.

¹Pub. L. No. 111-88 § 503, 123 Stat. 2971 (2009).

²U.S. Department of the Interior and U.S. Department of Agriculture, Federal Land Assistance, Management, and Enhancement Act of 2009: Report to Congress (Washington, D.C.: March 2011); and U.S. Department of the Interior and U.S. Department of Agriculture, A National Cohesive Wildland Fire Management Strategy (Washington, D.C.: March 2011).

The Albuquerque Service Center

The Albuquerque Service Center—specifically the IT and HR functions, have been problematic and demoralizing for many Forest Service employees. As you know, in 2009 the Forest Service ranked 206th out of 216 agencies in terms of the best places to work.

Simpson Q3: I know the GAO is currently investigating this issue, but could you give us an update?

GAO Response:

GAO's ongoing review focuses on the (1) effects of centralization on Forest Service operations, particularly among field units; (2) actions the Forest Service has taken to assess its delivery of the centralized business services and to address identified shortcomings; and (3) the extent to which Forest Service has measured and can demonstrate that the agency has achieved centralization's intended cost reductions. We are currently collecting and analyzing information and we will be glad to meet with your staff to discuss preliminary findings in the near future. We anticipate issuing our final report in August 2011.

Simpson Q4: I have heard the situation is improving and the Forest Service has made progress with addressing many of the IT and HR problems—would you agree?

GAO Response:

The Forest Service is undertaking significant changes in both the information technology and human resource management areas. We intend to discuss both of these changes, as well as their potential impacts, in our final report.

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Performance Measurement

Simpson Q5

In your testimony you both mention the Forest Service's general problem with measuring performance and prioritizing funding (for example, effectiveness and prioritization of fuels treatments).

Simpson Q5: Would you generally agree with that statement?

GAO Response:

Yes. Our statement described several examples, on the basis of our previous work, where the Forest Service had difficulty in measuring its performance and prioritizing its activities.

In the FY12 Budget Request, the Forest Service proposes combining several operating line items—such as wildlife, forest products, watershed, hazardous fuels and road funding to create a large bucket of funding for the Integrated Resource Restoration account. Presumably, this line item would pay for projects that achieve numerous goals—such as a road maintenance and forest thinning projects that would also improve the watershed and produce wood products. In concept, this sounds like a good idea. I'm concerned, however, that the Forest Service doesn't have the existing mechanism to measure performance and prioritize these types of projects.

Simpson Q6: Do you have any comments? Does the current budget line item structure of the Forest Service help with accountability?

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GAO Response:

In general, more narrowly-defined budget line items provide more opportunity for transparency and congressional oversight, whereas broader line items may provide the agency more flexibility in how it expends funds. Before fiscal year 2011, the Forest Service had separate budget line items for forest products, vegetation and watershed management, wildlife and fisheries management, collaborative forest landscape restoration, legacy roads and trails, road decommissioning, and post-fire rehabilitation and restoration. In his March 11, 2011, testimony before this Subcommittee, the Chief of the Forest Service stated that the Forest Service was proposing to combine these line items, along with funds for hazardous fuels management conducted outside of the wildland-urban interface, into a single line item in fiscal year 2012. However, we have not examined this proposal and therefore are not in a position to comment on how it will affect the agency's accountability.

Simpson Q7: Can you give us some examples of recommendations from the GAO to improve prioritization of hazardous fuels projects that might also work for the Integrated Resource Restoration line item?

GAO Response:

We are not in a position to provide specific recommendations, as we have not reviewed the Integrated Resource Restoration budget line item proposal in detail. In a September 2007 report, we examined the Forest Service's and Interior's processes for allocating fuel reduction funds and selecting fuel reduction projects. To improve the agencies' abilities to allocate fuel reduction funds, we recommended in that report that the agencies develop a common, systematic funding allocation process in order to enhance the

³GAO, Wildland Fire Management: Better Information and a Systematic Process Could Improve Agencies' Approach to Allocating Fuel Reduction Funds and Selecting Projects, GAO-07-1168 (Washington, D.C: Sept. 28, 2007)

transparency and accountability of their allocation decisions and to ensure a common federal approach to allocating funds. To support this process, we further recommended the agencies:

- · Develop and implement a common approach to risk management.
- · Develop information on the effectiveness of fuel reduction treatments.
- Use information on risk, fuel treatment effectiveness, and costs to assess the cost-effectiveness of various potential fuel reduction treatments.
- Provide guidance that clearly distinguishes the relative importance of the factors considered in allocating funds and selecting projects.

While these exact recommendations are unlikely to be fully applicable to the Integrated Resource Restoration proposal, the general framework recommended—that the agency develop a process for allocating funds and selecting projects that considers relative risk facing areas across the country, effectiveness and cost-effectiveness of different actions, and clearly identifies the factors the agency considered in making its decisions—might provide an approach to consider.

Simpson Q8: What is your number one concern with the Forest Service?

GAO Response:

We believe the most pressing challenge facing the Forest Service is the wildland fire management program—both because the Forest Service has yet to implement many of the recommendations we and others have made in an effort to improve the program and because the program consumes approximately half of the Forest Service budget.

Cohesive Strategy for Fuels and Wildfire

Both the GAO and the USFS IG's office express concern with the Forest Service's need to complete a cohesive strategy for fuels and wildfire.

Simpson Q9: Are you aware of the Forest Service's current actions towards creating this strategy? I'm told they are having numerous public meetings with state foresters, Forest Service Retirees and others.

GAO Response:

The Forest Service, in conjunction with Interior, issued two documents on March 25, 2011, intended to provide the foundation for a cohesive strategy. According to the agencies, they worked with local, state, and tribal organizations in developing these documents.

Simpson Q10: Any comments on this? Is the Forest Service making progress?

GAO Response:

In recommending that the Forest Service and Interior develop a cohesive wildland fire strategy, we specified that such a strategy should lay out various potential approaches for addressing the growing wildfire threat, estimate the costs associated with each approach, and identify the trade-offs involved. The two documents the agencies issued in March contain none of these elements. Instead, the documents describe the process the

⁴U.S. Department of the Interior and U.S. Department of Agriculture, Federal Land Assistance, Management, and Enhancement Act of 2009: Report to Congress (Washington, D.C.: March 2011); and U.S. Department of the Interior and U.S. Department of Agriculture, A National Cohesive Wildland Fire Management Strategy (Washington, D.C.: March 2011).

agencies plan to use to develop a cohesive strategy in the future. The documents do not indicate when the agencies expect to have the cohesive strategy completed.

Law Enforcement on Federal Lands

This afternoon's testimony expressed concern about coordination challenges between the Department of the Interior and Border Patrol which at times have delayed or restricted the Border Patrol's access to, and monitoring of, federal lands along the Southwest Border. This is an issue that this subcommittee has addressed in the past and will continue to address this year.

Simpson Q11: What steps can Congress take to strengthen this coordination between federal agencies with overlapping jurisdiction on these federal lands which is so critically important to stemming illegal activity along the border?

GAO Response:

Vigilant congressional oversight to ensure that cooperation occurs between Border Patrol and the land management agencies throughout the borderlands region could be highly beneficial. In our October 2010 report, we found that access to portions of some federal lands along the southwestern border has been limited because of the agencies' implementation of certain land management laws. Specifically, patrol agents-in-charge for 17 of the 26 Border Patrol stations, told us that they had experienced delays and restrictions in agents' patrolling and monitoring these lands. For some of the stations, the delays could have been shortened if Border Patrol could have used its own resources to pay for, or perform, required environmental assessments according to patrol agents-in-charge and land managers with whom we spoke. For other stations, delays could be

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⁵GAO, Southwest Border: More Timely Border Patrol Access and Training Could Improve Security Operations and Natural Resource Protection on Federal Lands, GAO-11-38 (Washington, D.C.; Oct. 19, 2010).

reduced if a programmatic environmental impact statement—a broad evaluation of the environmental effects of multiple Border Patrol activities in a geographic area—was prepared under the National Environmental Policy Act (NEPA) to help expedite access. We therefore recommended that to help expedite Border Patrol's access to federal lands, the agencies should, when and where appropriate (1) enter into agreements that provide for Border Patrol to use its own resources to pay for or to conduct the required environmental and historic property assessments and (2) prepare programmatic NEPA documents for Border Patrol activities in areas where additional access may be needed. Where such cooperative arrangements have been developed, Border Patrol and land managers have resolved some access delays and restrictions.

GAO's written testimony recommends that the agencies adopt a risk management approach to systematically assess and address threats and vulnerabilities presented by illegal activities on federal lands.

Simpson Q12: What would a risk management approach look like in a budget request? For example, could we see a shift in requested law enforcement funding from one agency to another in order to be consistent with where the illegal activities are occurring?

GAO Response:

In our December 2010 report, we recommended that the Forest Service and Interior agencies each adopt a risk management approach to systematically assess and address threats and vulnerabilities presented by illegal activities on federal lands. We recognized that the agencies might adopt different methodologies to assess risks because of differences in the agencies' missions and the difficulty in qualitatively and quantitatively assigning risk levels. However, establishing structured processes within each agency for

⁶GAO, Federal Lands: Adopting a Risk-Based Approach Could Help Land Management Agencies Better Manage Their Law Enforcement Resources, GAO-11-144 (Washington, D.C.: Dec. 17, 2010).

considering the results of periodic risk assessments could help each agency set priorities for and distribute its law enforcement resources to best protect natural and cultural resources, the public, and employees.

Deferred Maintenance Backlog

Regarding deferred maintenance backlog, I understand that maintaining facilities and infrastructure in the face of inadequate funding continues to be a major management challenge. What is less clear is whether there remain problems with property management, including data quality, standardized property assessment, and the ability of the bureaus to prioritize limited maintenance funds.

Simpson Q13: Aside from limited funding, is there deferred maintenance management problems—such as those I've just mentioned—that should give this committee pause in its deliberations on FY12 deferred maintenance budgets?

GAO Response:

We have not examined the Forest Service's deferred maintenance needs since April 2003.⁷ At that time, we reported that the agency acknowledged that it had a significant deferred maintenance problem but that the agency had not developed a reliable estimate of those needs.

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⁷GAO, Recreation Fees: Information on Forest Service Management of Revenue from the Fee Demonstration Program, GAO-03-470 (Washington, D.C.: Apr. 25, 2003).

Questions for the Record Submitted by Ranking Member Moran

Management & Performance Issues

The GAO testimony identifies several long-standing concerns about the Forest Service's ability to manage its programs efficiently and effectively.

Moran Q1: Of the problems you highlighted, which do you believe is the highest priority for the agency to tackle?

GAO Response:

We believe the most pressing challenge facing the Forest Service is the wildland fire management program—both because of the Forest Service has yet to implement many of the recommendations we and others have made in an effort to improve the program and because the program consumes approximately half of the Forest Service budget.

You talk a lot about performance measures not being in place or not being used effectively. The new Forest Service budget proposal once again includes a major budget restructuring in which many of the main programs are lumped into one huge, new account, Integrated Resource Restoration.

Moran Q2: Have you had a chance to look at the performance measures for this proposal? What past problems at the Forest Service with performance and monitoring do we need to pay attention to as we examine this budget restructuring?

GAO Response:

In our statement, we noted that the Forest Service has long had difficulties linking its planning, budgeting, and results reporting. We also noted that the Inspector General reported in 2010 that the agency's major goals, as cited in its strategic plan, did not match the categories in its financial system—in other words the Forest Service could not meaningfully compare its cost information with its performance measures.

We have not examined the Forest Service's budget proposal in detail, but the agency's 2012 budget justification identifies seven measures for its proposed Integrated Resource Restoration budget line item: (1) number of watersheds in Condition Class 1, (2) number of watersheds in Condition Class 2, (3) number of watersheds in Condition Class 3, (4) acres treated annually to sustain or restore watershed function and resilience, (5) volume of timber sold, (6) miles of road decommissioned, and (7) miles of stream habitat restored or enhanced. Most of these measures lack the specificity needed to measure the outcome or effect of the agency's action. For example, measuring the acres treated or miles of stream habitat restored or enhanced does not provide any indication of the effect restoration actions had on achieving the agency's restoration goals. Moreover, measuring acres or miles treated, rather than the outcome or effect of the treatments, can result in pressure for agency officials to select projects that may provide less benefits in an effort to help the agency meet its measurement goals. We have previously identified instances where such pressures have played a dominant role in management decisions, reporting in 2007 that regional Forest Service officials said that pressure to meet acreage targets sometimes trumped all other factors in making funding allocation decisions for fuels reduction projects.8

Moran Q3: Do you think there is any particular reason that these persistent problems do not get addressed? Do the agency leaders and managers change too

⁸GAO-07-1168.

often, or are the problems too large? Are there particular problems in the USDA departmental management or at the OMB?

GAO Response:

We recognize that the challenges facing the Forest Service may be difficult. We also want to recognize that the agency has taken steps to address some of the issues we have reported on over the past decade. Still, the Forest Service has been slow to take critical steps such as developing a long-term cohesive strategy to address the growing wildland fire problem, improving data regarding the actions it takes and its costs, and improving its performance accountability. If the Forest Service is to address these difficult problems, it will need a sustained commitment by its highest leadership to make difficult decisions, invest resources to develop and maintain needed data, and hold officials throughout the agency accountable for achieving management goals. We have not examined the effect, if any, that changes in Forest Service leadership, Department of Agriculture management, or Office of Management and Budget policies may have had on the agency's ability to effectively respond to the issues we and others have identified.

Moran Q4: You mentioned lack of strategic planning and oversight of programs as a new management challenge. What do you think the Forest Service needs to do to address these issues?

GAO Response:

The Forest Service generally concurred with the recommendations we made regarding the four program areas we discussed in our testimony and, in some cases, has begun steps to implement the recommendations. It is too early to tell the outcome of the agency's efforts, however, and given the importance of the issues, we believe the Forest Service should continue to improve its strategic planning and oversight. In this regard, sustained commitment from Forest Service leadership will be needed if the agency is to make significant progress addressing the shortcomings we have identified. Moreover,

some of the strategic planning and oversight issues we discussed in our statement also raise issues related to other long-standing challenges facing the Forest Service we discussed—data and performance accountability.

Moran Q5: Do you think that the Forest Service is able to monitor its activities and validate which projects are effective and which are not? Does the Forest Service do adequate monitoring of its various forestry and habitat enhancement projects?

GAO Response:

The Forest Service has noted that its land and resource management plans require environmental monitoring of management activities; however, while we have examined the agency's monitoring efforts for some programs, we have not systematically assessed the extent or quality of such monitoring agencywide. For example, we reported in September 2007 that the Forest Service and Interior needed to improve their methods for assessing the effectiveness of their activities to reduce hazardous fuels. As we stated in our testimony, Forest Service officials told us that they, in conjunction with Interior, have begun a long-term effort to evaluate the effectiveness of fuel treatments.

The stewardship contracting program allows the Forest Service to trade goods, like timber, for services to improve the condition of the public lands. The Service wants to do more and more of its forestry and restoration projects using these contracts.

Moran Q6: Can we be assured that the various field units are getting a fair return for the timber they are trading for services?

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[°]GAO-07-1168.

GAO Response:

In November 2008 we reported on the Forest Service's and the Bureau of Land Management's use of stewardship contracting. ¹⁰ We noted that data shortcomings raised questions about the extent to which the Forest Service knows the value of timber sold and services procured as part of its stewardship contracting activities nationwide, but that the agency used established methods to estimate the value of the timber and the value of the services associated with individual projects, so we had no reason to believe that the use of stewardship contracting resulted in the agency receiving less than fair market value for its resources. However, we have not analyzed the effectiveness or accuracy of these estimation methods.

Moran Q7: The GAO mentions that workforce planning at the Forest Service needs improvement. Why do you think the strategic plan needs to be linked to workforce planning?

GAO Response:

Workforce planning that is linked to an agency's strategic goals is one of the tools agencies can use to systematically identify the workforce needed for the future and develop strategies for shaping this workforce. Strategic alignment occurs when an agency links its workforce strategies with its mission and goals and integrates them into its strategic plan, performance plan, and budget formulation. Such alignment allows agencies to assess and understand the extent to which their workforce contributes to achieving their overarching mission and goals. In addition, the Office of Personnel Management's Human Capital Assessment and Accountability Framework, which provides guidance to agencies on human capital management and planning, indicates that agencies should integrate workforce planning into their strategic plans. Doing so

¹⁰GAO, Federal Land Management: Use of Stewardship Contracting Is Increasing, but Agencies Could Benefit from Better Data and Contracting Strategies, GAO-09-23 (Washington, D.C.; Nov. 13, 2008).

helps ensure that the agency has a system in place to continually assess and improve human capital planning and investment and their impact on mission accomplishments.

The Forest Service's workforce plans for 2008 through 2012 and for 2009 through 2013 state that they link to goal 5 in the agency's strategic plan-"Maintain Basic Management Capabilities of the Forest Service"—but we found that this statement is the only reference in the workforce plans to specific strategic goals. In our October 2010 report, we noted that Forest Service officials told us that the agency is in the process of incorporating its workforce, recruitment, training and development, and civil rights plans into an over-arching National Human Resources and Diversity Strategic Plan." This plan will, according to the Forest Service, articulate how human resources management and civil rights support the agency in meeting the goals of its strategic plan. We also found that workforce planning is not fully integrated into the Forest Service's strategic plan. Specifically, for each of the goals contained in the strategic plan, the plan identifies the following elements: an overall outcome, objectives, performance measures and targets, and means and strategies for accomplishing the goal. While most of the means and strategies for accomplishing goal 5 of the strategic plan are associated with workforce planning, neither the objectives nor the performance measures and targets for goal 5 are linked to workforce planning.

Moran Q8: You also say that the Service does not monitor the effectiveness of its workforce planning. Should this be done at headquarters or is this something that all line officers at all levels of the Service ought to be doing routinely?

GAO Response:

Our past work on workforce planning at the Forest Service focused on the efforts of the Workforce Planning and Program Analysis Branch to conduct such planning at the

¹¹GAO, Workforce Planning: Interior, EPA, and the Forest Service Should Strengthen Linkages to Their Strategic Plans and Improve Evaluation, GAO-10-413 (Washington, D.C.: Mar. 31, 2010).

agencywide level. Based on this work, we believe it is appropriate for the Forest Service to evaluate, at the agencywide level, such things as:

- the contributions of workforce planning toward achieving the agency's strategic goals—for example, through its Annual Performance Report, which presents the plans and accomplishments that contribute to the agency's strategic goals and objectives and analyzes program performance at the strategic goal level;
- the agency's progress in implementing the recommendations made in its annual workforce plans;
- specific workforce planning efforts, such as recruitment strategies and plans
 or training and employee development programs; and
- · the effectiveness of the agency's diversity initiatives.

While the Forest Service has agencywide workforce planning analyses and plans, the agency considers workforce planning to be the responsibility of unit-level managers. Therefore, units—including each of the agency's nine regions, seven research stations, and several Washington offices—are primarily responsible for workforce planning and may conduct their own additional workforce planning activities. Some sub-units, such as national forests, may also contribute to planning efforts. We have not reviewed workforce planning at the unit level; however, we believe it is appropriate for these units to also undertake some efforts to evaluate their workforce planning. For example, Region 8's fire and aviation group worked with the Workforce Planning and Program Analysis Branch to examine its succession planning.

Wildland Fire Management Issues

The GAO and the IG have done extensive work on wildfire and you certainly have helped the Forest Service and Interior make many improvements.

Moran Q9: What additional management changes need to be made for the Forest Service to improve the management of its wildland fire program?

GAO Response:

We believe the Forest Service and Interior would be well served by continuing and expanding their efforts to implement the numerous recommendations we and others have already made regarding their wildland fire programs. In a September 2009 report, we reviewed the steps the agencies had taken to improve wildland fire management over the preceding 10 years. At that time, we reported that the agencies had improved their understanding of wildland fire's ecological role on the landscape and had taken important steps toward enhancing their ability to cost-effectively protect communities and resources. While we recognized the progress the agencies had made over the previous decade, we also found that the agencies had not yet taken key strategic steps—including developing a cohesive wildland fire strategy and a strategy to contain costs—that we have recommended, steps that we believe will assist the agencies to get ahead of the worsening fire problem rather than simply react to it. We concluded that, without such steps, the agencies risk failing to capitalize on the important, but incomplete, improvements they have made—and risk losing ground in their fight to manage the wildland fire problem.

Moran Q10: The GAO continues to stress the need for a cohesive wildland fire strategy. The FLAME Act of 2009 required this, and it is overdue. Please explain how a cohesive strategy would help the Congress assess various fire funding options. Explain why it is important that the strategy involves both Federal departments as well as States.

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¹²GAO, Wildland Fire Management: Federal Agencies Have Taken Important Steps Forward, but Additional, Strategic Action Is Needed to Capitalize on Those Steps, GAO-09-877 (Washington, D.C.: Sept. 9, 2009).

GAO Response:

In March 2011, the Forest Service and Interior released two documents related to their development of a cohesive strategy. ¹³ GAO has recommended the agencies develop a cohesive wildland fire strategy laying out various potential approaches for addressing the growing wildfire threat, estimating the costs associated with each approach, and identifying the trade-offs involved. The two documents the agencies issued in March contain none of these elements. Instead, the documents describe the process the agencies plan to use to develop a cohesive strategy in the future. The documents do not indicate when the agencies expect to have the cohesive strategy completed.

A cohesive wildland fire strategy would provide information important for Congress and the agencies to consider as they decide how to respond to the growing wildland fire threat. For example, the strategy we have described would lay out broad long-term options for reducing accumulated vegetation that could exacerbate wildland fires and for responding to wildland fires when they occur; it would also describe each option's estimated funding needs and potential long-term benefits and drawbacks. Information on potential options and costs for addressing the wildland fire problem over the long term would help the agencies and Congress understand what can be accomplished with different levels of investment and help them make informed decisions about how best to invest limited resources. Such information could inform decisions about, for example, whether investing more funds in managing hazardous fuels in the short run would help reduce expected suppression costs in the future.

In their efforts to develop a cohesive strategy, the Forest Service and Interior have committed to a process that involves their nonfederal partners. Because wildland fires can burn across federal, state, and local jurisdictions, developing a cohesive strategy that examines options on both federal and nonfederal lands would be beneficial. Looking

¹³U.S. Department of the Interior and U.S. Department of Agriculture, Federal Land Assistance, Management, and Enhancement Act of 2009: Report to Congress (Washington, D.C.: March 2011); and U.S. Department of the Interior and U.S. Department of Agriculture, A National Cohesive Wildland Fire Management Strategy (Washington, D.C.: March 2011).

across jurisdictional boundaries in analyzing options for where best to locate firefighting resources and reduce hazardous fuels, however, also poses certain difficulties for the federal agencies. In particular, a cross-jurisdictional approach to developing a cohesive strategy raises questions about the appropriate level of federal funding to help reduce the risk to nonfederal resources.

In the past, the GAO discussed the harmful impacts that occurred to the Forest Service when ordinary program funds were taken away and transferred for emergency wildfire suppression.

Moran Q11: Can you please explain what those negative impacts are? What are some specific examples of programs or projects that are harmed and how does this affect various non-Federal cooperators? Does this happen even if the borrowed funds are later paid back?

GAO Response:

We examined the effect of funding transfers in June 2004 and found that the Forest Service and Interior had transferred more than \$2.7 billion from these other programs from fiscal year1999 through fiscal year 2003, and that the agencies received additional appropriations to cover, on average, about 80 percent of the funds transferred. In 2004, we reported that although the agencies received additional appropriations to cover most of the transferred funds, the transfers nonetheless had caused the agencies to cancel or delay some projects and not to fulfill certain commitments to their nonfederal partners. We reported, for example, that funding transfers delayed planned construction and land acquisition projects, which in some cases led to higher project costs due to revised budget and construction plans or higher supply and land acquisition costs. Transferring funds to help pay for fire suppression also affected the agencies' abilities to fulfill commitments they had made to their nonfederal partners, including states, communities,

¹⁴GAO, Wildfire Suppression: Funding Transfers Cause Project Cancellations and Delays, Strained Relationships, and Management Disruptions, GAO-04-612 (Washington, D.C.: June 2, 2004).

and nonprofit organizations. For example, federal land acquisition projects are often facilitated by nonprofit organizations, which purchase land from private owners and then sell it to federal agencies. Delays caused by transferring funds could, therefore, lead to higher costs for those organizations. We reported a case in South Carolina, for example, where the Forest Service delayed purchasing a property for 1 year, which led a nonprofit organization to incur about \$300,000 in interest costs. We reported that one organization had 22 projects delayed in 2002 and 21 projects delayed in 2003 because of funding transfers; a representative from that organization told us that if funds continued to be transferred, it would likely invest its funds elsewhere rather than work with the Forest Service and Interior.

Moran Q12: A large and increasing portion of the Forest Service budget is devoted to fire. What effect does this have on other programs?

GAO Response:

Appropriations to the Forest Service and Interior for fire management have more than doubled since the late 1990s. We have not evaluated the impact of rising fire costs on funding for the agencies' nonfire programs, but federal and state officials have expressed concern that rising fire costs are reducing the total funds the agencies receive for their other programs.

Moran Q13: Do you think that the Forest Service has adjusted its fire program to fit the new reality of changed climates and increased suburbanization of the wildlands?

GAO Response:

The Forest Service and Interior have long recognized the challenges that climate change and development in the wildland-urban interface pose to wildland fire management, is but have yet to clearly articulate how they plan on responding to these issues. The agencies predict that climate change is expected to lead to a greater probability of longer and bigger fire seasons, which could substantially increase the number of acres burned annually. At the same time, development in the wildland-urban interface is expected to continue, placing more structures at risk of damage from wildland fire. 16 In March 2011, in response to the Federal Land Assistance, Management, and Enforcement Act of 2009, 17 the agencies released two documents that describe their efforts to develop a cohesive wildland fire strategy. 18 These documents recognize climate change as a challenge facing fire managers and emphasize the importance in creating fire-adapted communitiescommunities designed and landscaped to become more resistant to wildland fire—in order to protect the nation's communities and help contain fire suppression costs. These documents do not describe the steps the agencies, in conjunction with their nonfederal partners, will take in response to the challenges posed by climate change and continued development. Rather, the documents describe the process by which the agencies plan to develop, analyze, and select options in the future.

With regard to development in the wildland-urban interface, the options directly available to the Forest Service and Interior are limited in certain aspects because such

¹⁵U.S. Department of Agriculture and U.S. Department of the Interior, Federal Wildland Fire Management Policy and Program Review (Washington, D.C.: December 1995).

¹⁶U.S. Department of Agriculture and U.S. Department of the Interior, Federal Wildland Fire Management Policy; Bureau of Land Management, Bureau of Indian Affairs, Forest Service, National Park Service, Fish and Wildlife Service, and National Association of State Foresters, Quadrennial Fire and Fuel Review Report (Washington, D.C.: March 2005).

¹⁷Pub. L. No. 111-88 § 503, 123 Stat. 2971 (2009).

¹⁸U.S. Department of the Interior and U.S. Department of Agriculture, Federal Land Assistance, Management, and Enhancement Act of 2009: Report to Congress (Washington, D.C.: March 2011); and U.S. Department of the Interior and U.S. Department of Agriculture, A National Cohesive Wildland Fire Management Strategy (Washington, D.C.: March 2011).

development is generally governed by state and local governments. The March 2011 cohesive strategy documents recognize this limitation. Nonetheless, there are several steps the Forest Service and Interior could consider to help mitigate the effect of development on fire management. First, the federal government provides financial assistance to state and local governments for fire and forest management and it could consider, as a condition of receiving that assistance, encouraging or requiring those governments to take steps designed to protect homes and reduce future federal—and nonfederal—firefighting costs. Second, the agencies, in conjunction with relevant state agencies, could clarify the financial responsibilities for suppressing fires that burn, or threaten to burn, across multiple jurisdictions, as we recommended in May 2006.19 Federal officials we interviewed during our 2006 review expressed concern that the existing framework for sharing suppression costs insulated state and local governments from the cost of providing wildland fire suppression costs. The officials suggested that to the extent that state and local governments are insulated from the cost of protecting the wildland-urban interface, these governments may have a reduced incentive to adopt laws requiring homeowners and homebuilders to use protective measures that could help mitigate fire risks and reduce future suppression costs.

Moran Q14: You also mention that a clear strategy to restrain wildfire suppression costs is lacking. What would such a strategy look like? Is it reasonable to expect that a strategy on cost containment will be effective, given the large increases in the fire seasons?

GAO Response:

An effective cost containment strategy would require that the agency should, at a minimum, have (1) clearly defined goals and measurable objectives, (2) a strategy to achieve these goals and objectives, (3) performance measures to track their progress, and (4) a framework for holding the appropriate agency officials accountable for

¹⁹GAO, Wildland Fire Suppression: Lack of Clear Guidance Raises Concerns about Cost Sharing between Federal and Nonfederal Entities, GAO-06-570 (Washington, D.C.: May 30, 2006).

achieving the goals. Although the agencies have been taking steps to contain costs, we believe the effectiveness of those steps will be limited if the agencies do not develop a cost-containment strategy that clearly defines the relative importance of containing costs to the other goals of the wildland fire program. As we reported in June 2007, unless the agencies clearly define the importance of containing costs compared to protecting lives, houses, and resources, officials in the field will not have a clear idea of the relative importance the agencies' leadership places on each, and will likely err on the side of protecting resources regardless of cost.²⁰ Agency leadership also will lack the tools to effectively evaluate the firefighting strategy decisions made in the field.

Moran Q15: One of the areas that you have repeatedly reported concerns about is the interagency computer program to manage wildfire resources, Fire Program Analysis (FPA). Do you know how long this FPA development has gone on and how much it has cost? To date, what have we gotten for our investment? Why has FPA been so difficult for the agencies to complete?

GAO Response:

The Forest Service and Interior began developing FPA in 2002 and continue to take fundamental steps to improve the program so that it can meet its intended objectives. In November 2008, we reported that FPA was expected to cost approximately \$54 million through fiscal year 2010. As we noted in our March testimony, the development of FPA has been marked by delays and revisions. While the intrinsic difficulty of modeling the complexities and uncertainties of wildland fire undoubtedly have contributed to the delays, agency decisions to begin implementing FPA before it was fully developed and tested have likely not only contributed to the delays but also contributed to perceptions that FPA has not been successful.

²⁰GAO, Wildland Fire Management: Lack of Clear Goals or a Strategy Hinders Federal Agencies' Efforts to Contain the Costs of Fighting Fires, GAO-07-655 (Washington, D.C.: June 1, 2007).

²¹We have not examined FPA costs since 2008. See GAO, Wildland Fire Management: Interagency Budget Tool Needs Further Development to Fully Meet Key Objectives, GAO-09-68 (Washington, D.C.: Nov. 24, 2008).

To date, the agencies have not used FPA results in a meaningful way to allocate their fire management funds or to develop their budget requests. During our 2008 review, agency officials told us they expected to begin using FPA results to allocate their funds in fiscal year 2007 and to develop their fiscal year 2008 budget requests. However, the agencies have yet to use FPA results to develop their budgets or allocate funds. The agencies collected nationwide data in 2009 and 2010 but determined they had insufficient confidence in the quality of the data to use the results. The agencies continue to take steps to improve FPA and have several actions planned to begin this year, including submitting FPA to an external peer review. These planned improvements may help the agencies better fulfill some of the key objectives envisioned for FPA, although we have not examined the planned improvements in detail. According to an FPA official, the improvements might allow the agencies to begin using FPA results in a limited way beginning in fiscal year 2012, but a more likely estimate would be the fiscal year 2013 or 2014 budget cycles. The history of delays and revisions in the development of FPA, however, leads us to view the planned improvements with caution. If, after a decade of development, FPA is to be viewed as a credible tool to assist the agencies in developing their budgets and allocating funds, the agencies will need to (1) clearly describe the capabilities and limitations of FPA and its role in the budget development process and (2) submit FPA to external peer review—actions we recommended in our November 2008 report.

The IG has done extensive work on contract firefighting. I have heard that there have been major training, language and corruption problems in the past.

Moran Q16: Can you please, and the GAO also if you have experience, comment on the past problems that the Forest Service has had with contract fire crews? Have changes been made and are more changes needed?

GAO Response:

In June 2007, we reported that the Forest Service and Interior were increasingly relying on contract personnel and equipment but that the agencies' acquisition systems had several shortcomings. ²² For example, their contracts and rental agreements did not ensure the agencies obtained the most cost-effective assets, and inadequate administration and oversight by the agencies resulted in poor contractor performance and high rental rates. At the time of our 2007 review, the agencies had efforts underway to improve some of the identified shortcomings, including designing a system that would allow Forest Service officials to consider contractor performance—and not just price—in awarding future contracts. We have not examined this issue in detail since 2007.

Aerial Firefighting Resources

The Forest Service is responsible for a tremendous amount of airtanker use for firefighting and this costs hundreds of millions of dollars each year.

Moran Q17: What are the main challenges here? What progress has the Forest Service made in implementing the audit recommendations from the July 2009 Replacement Plan for Firefighting Aerial Resources Audit Report No. 08061-53-SF?

GAO Response:

We have not specifically examined the airtanker program. However, in our June 2007 report on agency efforts to contain wildland fire costs, we identified several shortcomings in how the Forest Service and Interior (1) determine the types and quantity of firefighting assets they need, (2) acquire needed firefighting assets in a cost-effective

²²GAO-07-655.

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manner, and (3) use firefighting assets.²³ At the time of our 2007 review, the agencies had several efforts underway to improve how they determine their need for, acquire, and use firefighting assets, but we have not examined this issue in detail since 2007.

²³GAO-07-655.

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Questions for the Record Submitted by Mr. Flake

Duplicative Inspections for Contracted Fire Crews

Ms. Fong's written testimony highlights the fact that the Forest Service is facing shortages for firefighting personnel and that the agency is turning to contractors. She notes that the Forest Service "does not have reliable estimates of the costs of its various contracted firefighting crews or adequate information concerning their performance" and that "the agency is not well positioned to evaluate contracted crews' efficiency and effectiveness."

Flake Q1: What is the Forest Service doing to address their inability to evaluate the efficiency and effectiveness of the contracted crews they are relying on more and more?

GAO Response:

In June 2007, we reported that the Forest Service and Interior agencies were increasingly relying on contract personnel and equipment but that the agencies' acquisition systems had several shortcomings.24 For example, their contracts and rental agreements did not ensure the agencies obtained the most cost-effective assets, and inadequate administration and oversight by the agencies resulted in poor contractor performance and high rental rates. At the time of our 2007 review, the agencies had efforts underway to improve some of the identified shortcomings, including designing a system that would allow Forest Service officials to consider contractor performance—and not just price in awarding future contracts. We have not examined this issue in detail since 2007.

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²⁴GAO-07-655.

Flake Q2: Ms. Fong also noted that the process for deploying these crews is unnecessarily duplicative when it comes to inspections and could be streamlined and save money and speed responsiveness. Are the duplicative inspections legislative requirements or are they something the Service could change on their own?

GAO Response:

We have not examined the Forest Service's process for inspecting contract firefighting crews before deployment.

Flake Q3: The GAO noted that the Forest Service has identified the wildland fire suppression program as susceptible to significant improper payments, is this due to the Service's approach to using contractors? What type of improper payments are we talking about?

GAO Response:

Under the Improper Payments and Information Act of 2002, agencies are required to identify programs that are susceptible to significant improper payments, estimate, the annual amount of improper payments, and submit those estimates to Congress. In its 2010 Performance and Accountability Report, Agriculture identified the Forest Service's wildland fire suppression management program as being susceptible to improper payments to contractors. This report did not provide details about the specific types of improper payments that may have occurred.

Chairman Michael K. Simpson Hearing Questions for the Record (QFR) USDA Inspector General Fong on Hearing: Major Management Challenges at the USFS Thursday March 10, 2:00pm Rayburn B308

History of Management Challenges at USFS

It's been two years since the GAO and IG last testified before the subcommittee. Many of the issues you've raised today have been around for many, many years and have spanned several administrations.

Simpson Q1: What percentage of the recommendations that you make end up being addressed by the Department and what percentage simply end up on a shelf gathering dust?

Response: The Office of Inspector General (OIG) and Forest Service (FS) have reached management decision on all Fiscal Year 2010 audit recommendations. Additionally, FS officials reported that they have implemented corrective actions for 19 percent of the recommendations we reported in fiscal year 2010. To date, OIG has not completed follow-up audit work to confirm those corrective actions are effective. Follow-up work to recent audit subject areas is considered in our annual planning process.

OIG develops audit recommendations that address issues noted during audits. In accordance with the post-audit process, FS provides OIG with a corrective action plan and if OIG agrees with the approach, management decision is achieved. Once management decision is reached, FS begins implementing the agreed-upon corrective actions.

Simpson Q2: Do you find that the Forest Service is more responsive when it knows that Congress is taking an interest in a particular issue?

Response: In our dealings with Forest Service, we have found that the agency, as a whole, is consistent in its commitment to fully address our audit recommendations. The level of responsiveness does not appear to correlate specifically to Congressional interest.

Performance Measurement

In your testimony you both mention the Forest Service's general problem with measuring performance and prioritizing funding (for example, effectiveness and prioritization of fuels treatments).

Simpson Q3: Would you generally agree with that statement?

Response: Yes. In our most recent report on Management Challenges facing USDA (August 2010), we stated that implementation of strong, integrated, internal controls systems were still needed department-wide. Specifically, FS needs to improve its internal controls and management accountability in order to effectively manage resources, measure progress towards goals and objectives, and accurately report performance accomplishments.

In the FY12 Budget Request, the Forest Service proposes combining several operating line items—such as wildlife, forest products, watershed, hazardous fuels and road funding to create a large bucket of funding for the Integrated Resource Restoration account. Presumably, this line item would pay for projects that achieve numerous goals—such as a road maintenance and forest thinning project that would also improve the watershed and produce wood products. In concept, this sounds like a good idea. I'm concerned, however, that the Forest Service doesn't have the existing mechanism to measure performance and prioritize these types of projects

Simpson Q4: Do you have any comments?

Response: A concern we have is FS' ability to track costs and budgeted funds using similar multi-use budget accounts.

This concern stems from an issue identified during the Invasive Species Program Audit (08601-007-AT, issued September 2010). Our audit determined that FS had difficulty tracking costs for invasive species activities. For example, FS did not have a specific budget line item designated for all invasive species program activities; therefore, each area responsible for invasive species management (e.g. National Forest System, State and Private Forestry, Research and Development, etc.) had its own line items or budget codes used to track and report its respective activities. FS could not accurately state how much money it spent overall for the invasive species program, in part because invasive species activities, particularly from National Forest Systems, were charged to larger buckets of funding with upwards of 17 different operating line items. For example, an operating line identified simply as "wildlife habitat improvement" could contain costs for invasive species-related activities.

We acknowledge that this scenario may be different from what FS is currently proposing with the Integrated Resource Restoration account. And, we have not conducted a review of the proposed Integrated Resource Restoration account. However, as FS continues to commingle separate program funding into large multi-use budget accounts, it needs to be able track and report the costs associated with its various programs in accordance with applicable budgetary and accounting principles. Overall, it is paramount that FS have the proper mechanisms to accurately track and account for its various activities, regardless of how they are funded, so that performance can be accurately reported and projects can be appropriately prioritized.

Simpson Q5: Does the current budget line item structure of the Forest Service help with accountability?

Response: As stated above, it is paramount that FS have in place the proper mechanisms to accurately track and account for its various activities. Generally, the current budget line item

structure fosters accountability. To date, USDA OIG has not assessed the entire FS budget structure to draw further conclusions.

Additionally, the annual financial statement audit does not include a line-by-line review of FS' budget submission to assess program accountability. FS uses a certified independent public accounting (IPA) firm to conduct its annual financial statement audit. The audit includes a review of whether costs reported on the Statement of Net Cost (and related footnotes) align with Strategic Goals. In the IPA's FY 2010 audit report (Forest Service's Financial Statements for Fiscal Years 2010 and 2009, 08401-011-FM, November 2010), a significant deficiency was noted where major programs (identified in FS' program cost footnote) did not directly correlate to its major goals and outputs described in the strategic and performance plan.

As FS moves to these large multi-use budget accounts, it will be harder to correlate budgeted costs to specific major goals and outputs. FS should consider the effect of these accounts on this condition as they address the significant deficiency.

Simpson Q6: Can you give us some examples of recommendations from the GAO to improve prioritization of hazardous fuels projects that might also work for the Integrated Resource Restoration line item?

Response: This question is best directed to GAO. USDA OIG has no responsive information.

Simpson Q7: What is your number one concern with the Forest Service?

Response: OIG's number one concern is how FS is managing the health of our nation's forests in a period of escalating firefighting costs. In recent years, the average costs to fight wildfires have exceeded more than \$1 billion annually. FS efforts to contain firefighting costs are affected by several issues: climate change, an increase in hazardous fuels occurring on Federal lands, and population growth in rural communities in the wildland urban interface. Addressing these key issues is critical if FS is going to be successful in reducing both the severity of wildland fires and the associated costs.

Cohesive Strategy for Fuels and Wildfire

Both the GAO and the USFS IG's office express concern with the Forest Service's need to complete a cohesive strategy for fuels and wildfire.

Simpson Q8: Are you aware of the Forest Service's current actions towards creating this strategy? I'm told they are having numerous public meetings with state foresters, Forest Service Retirees and others.

Response: OIG is aware of FS' actions related to the strategy; however, we have not audited FS' actions.

OIG was advised by FS that, along with its Federal, State and local partners, Phase I of the Cohesive Strategy was completed in March 2011. The Cohesive Strategy includes different investment levels and mixes of options by all parties to reduce national wildfire risk. That phase included the release of two documents (*The Federal Land Assistance, Management and Enhancement Act of 2009 Report to Congress* and *A National Cohesive Wildland Fire Management Strategy*). Currently, FS is working with its partners to complete Phase II, which includes conducting regional analysis to determine the highest priorities in different geographical locations across the country. Further, FS has informed us that after Phase II completion, which is expected later this year, FS and its partners will begin the third and final phase which involves completing a trade-off analysis between regional and national priorities. Completion of Phase III is expected by the end of 2012.

Simpson Q9: Any comments on this? Is the Forest Service making progress?

Response: USDA OIG believes the development of a cohesive strategy for fuels and wildfire using a phased-in approach, with appropriate stakeholder involvement, should benefit our national firefighting efforts and the health of our national forests. We acknowledge FS is working on completing all phases of the Cohesive Strategy and that this strategy will take time to coalesce given the complexities of fire management. This topic will be considered for future review as we monitor FS' progress.

Law Enforcement on Federal Lands

This afternoon's testimony expressed concern about coordination challenges between the Department of the Interior and Border Patrol which at times have delayed or restricted the Border Patrol's access to, and monitoring of, federal lands along the Southwest Border. This is an issue that this subcommittee has addressed in the past and will continue to address this year.

Simpson Q10: What steps can Congress take to strengthen this coordination between federal agencies with overlapping jurisdiction on these federal lands which is so critically important to stemming illegal activity along the border?

Response: In instances where there is overlapping jurisdiction on Federal lands, OIG coordinates as appropriate with the various agencies involved. Specific coordination activities depend on the nature of the illegal activity. OIG has not encountered any significant jurisdictional issues when investigating a crime on Federal land. To strengthen coordination between Federal agencies with overlapping jurisdiction, it would seem that Congress could encourage a dialogue among all the agencies involved to identify concerns about coordination in order to address those concerns.

Risk Management

GAO's written testimony recommends that the agencies adopt a risk management approach to systematically assess and address threats and vulnerabilities presented by illegal activities on federal lands.

Simpson Q11: What would a risk management approach look like in a budget request? For example, could we see a shift in requested law enforcement funding from one agency to another in order to be consistent with where the illegal activities are occurring?

Response: It is difficult for our office to comment on the risk assessment approach recommended by GAO. OIG's preliminary perspective on such an approach is that an analysis of the types and locations of the illegal activities would need to be done. Based upon this analysis, a risk assessment could be done and options for risk mitigation could be developed. For example, OIG analyzes our investigative work and identifies where resources are needed and adjusts our funding requests accordingly.

Deferred Maintenance Backlog

Regarding deferred maintenance backlog, I understand that maintaining facilities and infrastructure in the face of inadequate funding continues to be a major management challenge. What is less clear is whether there remain problems with property management, including data quality, standardized property assessment, and the ability of the bureaus to prioritize limited maintenance funds.

Simpson Q12: Aside from limited funding, is there deferred maintenance management problems—such as those I've just mentioned—that should give this committee pause in its deliberations on FY12 deferred maintenance budgets?

Response: In the audit of Forest Service's Financial Statements for Fiscal Years 2010 and 2009 (08401-11-FM, November 2010), the IPA found that required supplemental information related to deferred maintenance was lacking sufficient internal controls to ensure the accuracy and completeness of the reported information. Specifically, the required supplementary information disclosure for deferred maintenance provided by FS states that estimates of deferred maintenance for all major classes of property plant and equipment, heritage assets, and stewardship assets are based on condition surveys. FS' IPA noted that condition surveys were not performed on 100 percent of the related assets or on non-multi-use heritage assets. Without all assets subject to necessary conditional surveys, the accuracy and consistency of reported maintenance is questionable.

Ranking Member Moran Hearing Questions for the Record (QFR)

Management & Performance Issues

The GAO testimony identifies several long-standing concerns about the Forest Service's ability to manage its programs efficiently and effectively.

Moran Q1: Of the problems you highlighted, which do you believe is the highest priority for the agency to tackle?

Response: This question is directed to GAO. OIG has no responsive information.

You talk a lot about performance measures not being in place or not being used effectively. The new Forest Service budget proposal once again includes a major budget restructuring in which many of the main programs are lumped into one huge, new account, Integrated Resource Restoration.

Moran Q2: Have you had a chance to look at the performance measures for this proposal? What past problems at the Forest Service with performance and monitoring do we need to pay attention to as we examine this budget restructuring?

Response: This question is directed to GAO. While OIG has not reviewed the performance measures for the Integrated Resource Restoration proposal, we have assessed FS's overall performance measures. In March 2005, OIG reviewed the agency's implementation of the Government Performance and Results Act (GPRA) and followed up on audit recommendations made in a prior audit of GPRA in FS issued in June 2000. The March 2005 audit found that FS continued to lack effective internal control systems to ensure data quality. This was demonstrated by errors, inconsistencies, and omissions in measuring performance. Also, at the time, FS mistakenly removed a required section from its Strategic Plan.

FS has had a long-standing history of not being able to provide Congress or the public with a clear understanding of what it accomplishes; these performance accountability weaknesses have been reported several times since 1990. We believe that there is no easy or quick fix and this matter will require diligence on the part of FS's management—particularly with accountability issues still being reported as recent as 2010 in the Invasive Species Program audit (08601-7-At, September 2010). Additionally, our concerns reported in our 2010 Management Challenges maintain that FS needs to continue to improve its internal control systems and management accountability in order to effectively manage resources, measure progress towards goals and objectives, and accurately report performance accomplishments.

Moran Q3: Do you think there is any particular reason that these persistent problems do not get addressed? Do the agency leaders and managers change too often, or are the problems too large?

Are there particular problems in the USDA departmental management or at the OMB?

This question is directed to GAO. OIG has no responsive information.

Moran Q4: You mentioned lack of strategic planning and oversight of programs as a new management challenge. What do you think the Forest Service needs to do to address these issues?

Response: This question is directed to GAO. OIG has no responsive information.

Moran Q5: Do you think that the Forest Service is able to monitor its activities and validate which projects are effective and which are not? Does the Forest Service do adequate monitoring of its various forestry and habitat enhancement projects?

Response: This question is directed to GAO. OIG has no responsive information.

The stewardship contracting program allows the Forest Service to trade goods, like timber, for services to improve the condition of the public lands. The Service wants to do more and more of its forestry and restoration projects using these contracts.

Moran Q6: Can we be assured that the various field units are getting a fair return for the timber they are trading for services?

Response: This question is directed to GAO. OIG has no responsive information.

Moran Q7: The GAO mentions that workforce planning at the Forest Service needs improvement. Why do you think the strategic plan needs to be linked to workforce planning?

Response: This question is directed to GAO. However, OIG has performed related work on Forest Service workforce planning. Please see our response to Q8 below.

Moran Q8: You also say that the Service does not monitor the effectiveness of its workforce planning. Should this be done at headquarters or is this something that all line officers at all levels of the Service ought to be doing routinely?

Response: While this question is directed to GAO, OIG has performed work related to firefighter workforce planning. We determined that FS should assign responsibility for firefighter qualification workforce planning to a top-level official at FS' national headquarters and establish a team to initiate, guide, and monitor the agency's firefighter workforce planning process. In addition, FS should develop a national workforce plan based on firefighters' position qualifications that focuses on identifying, assessing, and meeting specific workforce needs relative to FS' strategic goals and objectives. The lack of top-level leadership and planning to ensure qualified firefighters are available to replace anticipated retirements increases the difficulty of FS' ability to accomplish its wildland fire suppression mission, resulting in the

potential loss of more property and natural resources and increased safety risks to fire suppression personnel.

FS generally agreed with the findings and recommendations in the report. FS has assigned responsibility for firefighter qualification workforce planning to the Director, Fire and Aviation Management. FS has also established an interdisciplinary Workforce and Succession Planning Strategic Team (WfSST) that includes applicable staff from national, regional and local line staff. The WfSST will initiate, guide, and monitor the agency's overall workforce planning effort, which will cover fire management positions and others, utilizing FS workforce planning efforts underway. Although we have not performed follow-up audit work regarding FS' reported actions, we agree that FS has taken positive steps to address our recommendations. This topic will be considered for follow-up work in the future. (Firefighting Succession Planning Process, 08601-54-SF, March 2010)

Wildland Fire Management Issues

The GAO and the IG have done extensive work on wildfire and you certainly have helped the Forest Service and Interior make many improvements.

Moran Q9: What additional management changes need to be made for the Forest Service to improve the management of its wildland fire program?

Response: Top Department and FS management officials should work with other land management agencies and Congress to encourage State and local governments to enact appropriate building and zoning codes in areas such as the wildland urban interface (WUI) that are at risk of wildfire. FS also needs to collaborate with other land management agencies and State and local governments to reduce hazardous fuels where doing so will best reduce wildfire risk. FS should ensure that it allocates sufficient equipment and personnel to respond adequately to the expanding WUI and changes to forest health. This topic will be considered for follow-up work in the future. (Large Fire Suppression Costs, 08601-44-SF, November 2006)

The GAO continues to stress the need for a cohesive wildland fire strategy. The FLAME Act of 2009 required this, and it is overdue.

Moran Q10: Please explain how a cohesive strategy would help the Congress assess various fire funding options. Explain why it is important that the strategy involves both Federal departments as well as States.

Response: This question is directed to GAO. However, OIG has performed work where we concluded that FS needs a cohesive wildland fire strategy.

Prior to the enactment of the FLAME Act of 2009, we issued the FS Large Fire Suppression Costs audit report (08601-44-SF, November 2006) at which time we recognized Congressional concerns about FS' wildfire suppression activities and cost accountability. While FS continues its efforts to address such costs and accountability, a cohesive wildfire management strategy can

further strengthen those efforts in formalizing fiscal responsibilities and accountabilities across the board. Past fire seasons have seen increased wildfire suppression costs exceeding \$1 billion. Combating these catastrophic wildland fires in the WUI involve all entities—Federal, state and local. In light of recent trends, a cohesive strategic approach is the best approach if it includes all entities affected.

To address the need for more cost effective controls, we recommended in our Fire Suppression Costs audit that FS develop a reporting mechanism to gather and summarize more meaningful wildfire suppression information to adequately evaluate wildland fire suppression activity cost effectiveness. We recommended FS increase the financial accountability of line officers and incident commanders by incorporating into their evaluations an assessment of strategic and tactical cost effectiveness. We also recommended that FS formalize newly developed wildfire cost assessment review procedures in FS directives and provide audit training to FS staff that performs the reviews.

As noted in our response to Chairman Simpson's question number 8, FS along with its Federal, State, and local partners, has taken a three phase approach towards developing a cohesive wildland fire strategy. A cohesive wildland fire strategy would help Congress assess various fire funding options by bringing together, for the first time, a national perspective of the roles and responsibilities of Federal and non-Federal entities. As the Cohesive Strategy develops, various regional strategies will be proposed by state, tribal, and local levels to include different investment levels and mixes of options for reducing wildfire risk.

It is important to include non-Federal entities in the Cohesive Strategy because each level of government has its own priorities. Wildfires do not stop at lines on a map, wildfires know no boundaries. A local fire department's primary mission may be to save a resident's home, while a State forestry agency is bound to suppress all fires threatening state and private timber as well as other resources. Federal agencies have an even broader mission on public land as well as a special trust obligation to Native American lands. The Cohesive Strategy works to coordinate Federal and non-Federal entities in an effort to mitigate wildland fire risks and to meet the priorities of all entities fighting wildland fires.

In the past, the GAO discussed the harmful impacts that occurred to the Forest Service when ordinary program funds were taken away and transferred for emergency wildfire suppression.

Moran Q11: Can you please explain what those negative impacts are? What are some specific examples of programs or projects that are harmed and how does this affect various non-Federal cooperators? Does this happen even if the borrowed funds are later paid back?

Response: This question is directed to GAO. OIG has no responsive information.

Moran Q12: A large and increasing portion of the Forest Service budget is devoted to fire. What effect does this have on other programs?

Response: This question is directed to GAO. OIG has not performed specific work related to the impact fire costs have on other programs.

Moran Q13: Do you think that the Forest Service has adjusted its fire program to fit the new reality of changed climates and increased suburbanization of the wildlands?

Response: This question is directed to GAO. OIG has not performed specific work related to the impacts of climate change on FS programs. However, we have done significant work related to the WUI.

During our audit on Large Fire Suppression Costs (Audit No. 08601-44-SF, November 2006), we found that FS' wildfire suppression costs and the escalating cost to fight fires were largely due to its efforts to protect private property in the WUI. Homeowner reliance on the Federal government to provide wildfire suppression services places an enormous financial burden on FS, as the lead Federal agency providing such services. As part of our November 2006 audit report, we issued four recommendations to ensure non-Federal entities pay an equitable share of WUI protection costs. In that report, we recommended that FS: seek clarification from Congress as to the responsibilities of both FS and States in protecting expanding WUI developments and other private properties threatened by wildfires; renegotiate wildfire protection agreements as appropriate to ensure the financial costs of WUI protection is equitable; modify national direction to require periodic reassessments and renegotiations of wildfire protection agreements; and reiterate the Federal Wildland Fire Management Policy that gives protections of natural resources and property equal consideration. FS agreed with our recommendations and we have reached final action on the recommendations. This topic will be considered for follow-up work in the future.

Moran Q14: You also mention that a clear strategy to restrain wildfire suppression costs is lacking. What would such a strategy look like? Is it reasonable to expect that a strategy on cost containment will be effective, given the large increases in the fire seasons?

Response: Although this question is directed to GAO, OIG has performed work where we concluded that FS needs a wildland fire strategy.

USDA OIG believes that since the Cohesive Strategy calls for a collaborative effort that addresses all areas of fire management activities and each entity's (Federal and non-Federal) role and responsibility, the effort will address ways to help reduce fire suppression costs. As stated above, our November 2006 report found that FS' wildfire suppression costs and the escalating cost to fight fires were largely due to its efforts to protect private property in the WUI. Our recommendations focused on ensuring that non-Federal entities pay an equitable share of the WUI protection costs. This collaborative effort should help to address these concerns. (Large Fire Suppression Costs, 08601-44-SF, November 2006)

Moran Q15: One of the areas that you have repeatedly reported concerns about is the interagency computer program to manage wildfire resources, Fire Program Analysis (FPA). Do you know how long this FPA development has gone on and how much it has cost? To date, what have we gotten for our investment? Why has FPA been so difficult for the agencies to complete?

Response: This question is directed to GAO; USDA OIG has no further information to provide. USDA OIG has not performed any work related to FPA.

Moran Q16: The IG has done extensive work on contract firefighting. I have heard that there have been major training, language and corruption problems in the past. Can you please, and the GAO also if you have experience, comment on the past problems that the Forest Service has had with contract fire crews? Have changes been made and are more changes needed?

Response: In the last five years, we have reviewed various aspects of contract firefighting and issued three reports. The audit report we issued in 2010 followed up on two prior OIG audits: Firefighting Safety Program (08601-38-SF) and Firefighting Contract Crews (08601-42-SF). Those audits identified 9 issues and made 18 recommendations to enhance firefighter safety and strengthen FS controls over contract crews. We found that FS had not adequately implemented two recommendations for the Firefighting Safety Program Audit and the two recommendations for the Contract Crews audit.

For the Firefighting Safety Program audit (08601-38-SF), we recommended that FS develop a consolidated tracking system that included all wildfire Accident Prevention and Hazard Abatement Plan action items, as well as any recommendations from audits or internal reviews related to firefighter safety. FS agreed but did not establish adequate controls to ensure all items were captured and, consequently, some required safety information was overlooked. FS responded that it has now initiated a new tracking chart for accidents that will track the following: incident name and date of occurrence, type of incident, brief description, recommendations for FS action, due date for recommendations, actions taken by FS and date of completed act. We also recommended FS direct line officers to order administrative investigations for wildfire incidents when there is evidence of firefighter misconduct or a serious violation of safety standards. FS agreed and issued an interim directive, but has not implemented a permanent policy. FS has also responded that the interim directive language will be included in the 2011 FS Handbook.

For the Firefighting Contract Crews audit (08601-42-SF), we recommended that FS establish procedures to ensure the adequate review of contract crew firefighter qualification records. FS agreed and hired a contractor to conduct the review. While the contract details were sufficient to ensure that key personnel were qualified and fit for duty, FS did not issue agency-wide procedures to ensure that future reviews will be adequate. We also recommended that FS ensure contractor associations restrict access to electronic training records to personnel who did not have an interest in any contractor's business. FS requested a change in management decision that stated existing controls should be sufficient to close the recommendation. However, we determined that the controls were not a sufficient alternative correction action and, consequently, the recommendation has not been implemented.

In the Forest Service Contracted Labor Crews audit report [08001-2-AT], issued March 2010, we found several inefficiencies in how FS managed its contracted firefighting labor crews. We found that FS did not have: an annual pre-fire season process to analyze data from previous fire seasons and identify trends on how firefighting labor crews are utilized in conjunction with other resources; and reliable estimates of its firefighting crew costs because it does not capture these costs at a level of detail necessary to compare in-house crews with the contracted crews and

¹ Firefighting Contract Crews (March 2006), FS Contract Labor Crews (March 2010), Firefighting Safety Follow-up Audit (September 2010).

perform cost-benefit analyses. In addition, the performance evaluation process for contracted labor crews did not provide useful information for determining the efficiency and effectiveness of each crew. FS' fire incident managers were hindered in their ability to put the right people in the right place at the right time because of a lack of adequate information.

When we issued the Contracted Labor Crews report, we had agreement with FS on corrective actions for two recommendations that dealt with using performance evaluations to track incidents of contract crews being understaffed or unprepared and terminating contractors if they employ workers that are ineligible for employment in the United States. Today, we can report that FS made significant progress and has achieved management decision on all 10 audit recommendations. FS reported that corrective actions have been taken to implement two of the recommendations. For these two recommendations, FS has a process in place to track instances where crews are rejected because they show up at incidents understaffed or unprepared; and FS has contract provisions in place to terminate contractors from the program if they employ ineligible workers. We have not performed a follow-up audit to determine whether the above follow-up actions were effectively implemented. This topic will be considered for audit follow-up work in the future.

Aerial Firefighting Resources

Moran Q17: The Forest Service is responsible for a tremendous amount of airtanker use for firefighting and this costs hundreds of millions of dollars each year. What are the main challenges here? What progress has the Forest Service made in implementing the audit recommendations from the July 2009 Replacement Plan for Firefighting Aerial Resources Audit Report No. 08061-53-SF?

Response: FS has reported good progress in implementing the audit recommendations from the Replacement Plan for Firefighting Aerial Resources Audit (08601-53-SF, July 2009). FS has reached final action for four of the nine audit recommendations. Specifically, FS established an integrated team to complete both the planning and procurement processes for acquiring new firefighting aircraft for the aviation program. FS reinstituted the Working Capital Fund² (WCF) aircraft replacement account which as of FY 2010 had a balance of \$880,718. FS established the WCF reimbursement rates and instituted a plan to annually review the WCF rates. We have not performed a follow-up audit to determine whether the above follow-up actions were effectively implemented. This topic will be considered for audit follow-up work in the future.

FS reported that the following corrective actions have occurred. Working with their stakeholders and integrated team, FS set specific goals and timeframes to complete both the planning and procurement processes. FS required the team to alter goals and performance measures to include the agency's aviation strategic plan. FS modified both the fire report and the National Interagency Fire Management Integrated Database to include an assessment of airtankers' impact on suppressing fires during initial attack, and after, for those fires that escape control of the

² The WCF enables agencies to plan for the timely replacement of their aircraft without having to depend on their annual budget allocations and Congressional appropriations.

firefighters and continue to burn. The integrated team analyzed the Fire Management Integrated Database data to determine FS' need to obtain new aircraft. FS developed a plan to show estimated air tanker replacement timeframes and costs. We have not performed a follow-up audit to determine whether the above follow-up actions were effectively implemented. This topic will be considered for audit follow-up work in the future.

Wildland fire and the Urban Interface

Moran Q18: What are some of the challenges the Service faces with wildland urban development? Has the OIG audited this area and what were some of the audit recommendations implemented by FS?

Response: FS' wildfire suppression costs and the escalating cost to fight fires are largely due to its efforts to protect private property in the WUI. WUI is any area containing human developments, such as a rural subdivision or an isolated cabin (also known as wildland intermix) surrounded by forest that may be threatened by wildland fires. Some challenges result from homeowner reliance on the Federal government to provide wildfire suppression services, which places an enormous financial burden on FS as the lead Federal agency providing such services. The correlation of FS' suppression costs are likely to continue to rise as the number of homes in the WUI increase due to public expectations and uncertainties about protection responsibilities. Further, FS is compelled to suppress fires at a greater expense when private property is at risk, even when fires pose little threat to national forest system land.

OIG issued the Large Fire Suppression Costs Audit Report (08601-44-SF) in November 2006. We issued four recommendations to ensure non-Federal entities pay an equitable share of WUI protection costs.

FS reported that the following corrective actions have occurred. FS requested clarification from Congress as to the responsibilities of both FS and States in protecting expanding WUI developments and other private properties threatened by wildfires. FS ensured that the financial costs of WUI protections were equitable by renegotiating the appropriate wildfire protection agreements. National program direction was modified to require periodic reassessments and renegotiations of wildfire protection agreements. FS reiterated that the Federal Wildland Fire Management Policy is giving the protection of natural resources and property equal consideration. We have not performed a follow-up audit to determine whether the above follow-up actions were effectively implemented. However, this topic will be considered for audit follow-up work in the future.

Moran Q19: Do you see that there is a very different kind of partnership between the Service and the various States with respect to how the wildland urban interface and firefighting costs are

handled? Do you think that some states are not providing a fair share of the firefighting capacity or financial resources?

Response: We believe that FS has borne more than its fair share of the expenses related to WUI firefighting costs. For example, we reviewed cooperative wildland fire protection agreements negotiated between FS regions 1, 5, and 6 and the States of Oregon, Washington, California, Montana, and Idaho. We concluded that FS is subject to an inequitable wildfire protection burden because the agreements had not been renegotiated to reflect appropriate WUI protection responsibilities. For example, the Region 6 master agreement defined wildfire protection responsibilities based on jurisdictional boundaries rather than direct protection areas (DPA³). The Region 1 and 5 master agreements defined protection responsibilities based on DPAs, but the DPAs had not been significantly altered or updated for an average of 12 years. The combination of these two circumstances has the potential to significantly increase FS' wildfire suppression costs by expanding the agency's role in WUI protection beyond that directed by the 2001 Federal Wildland Fire Management Policy.

We discussed this issue with FS officials at the national office who agreed that State and local agencies are largely insulated from the cost implications of their WUI development decisions. While recognizing the current financial inequality of WUI protection, FS officials stated that they believe that States will not renegotiate protection agreements that increase States' WUI protection costs. FS officials added that States generally believe FS is responsible for all fire suppression costs incurred on FS lands even when fires are suppressed to protect private property on sometimes distant State and county lands.

We should note that the overall objectives of the FS Large Fire Suppression audit were to determine the adequacy of FS' controls to contain wild fire suppression costs. While we reported that the majority of FS' large fire suppression costs are directly linked to protecting private property in the WUI, our audit approach was based focused on the question of firefighting costs incurred by the agency. We did not plan or conduct the audit to determine if States are providing a fair share of the firefighting capacity or financial resources for fires in the WUI. (Large Fire Suppression Costs, 08601-44-SF, November 2006)

Recovery Act- ARRA

As mentioned by the IG, the Forest Service received \$1.15 billion in the American Recovery and Reinvestment Act to deal with a whole host of maintenance, habitat and fire prevention projects. The IG has watched this carefully, and has found a series of minor problems.

³ Wildfire protection responsibilities may be delineated on the basis of jurisdictional boundaries or through the negotiation of direct protection areas (DPAs) that are defined by boundaries based on logical protection responsibilities rather than ownership patterns. Once responsibility for protecting lands is determined, the protecting agency assumes full financial responsibility for associated firefighting costs.

Moran Q20: Ms. Fong, can you talk about your findings and give an overall impression of how effectively the Forest Service managed this surge of funds?

Response: As of May 2011, OIG has nine FS Recovery Act- related audits in process. Although much of our work is still pending, our overall impression from the work to date is that the FS has done a good job managing ARRA funds and projects in many areas. However, we have identified other areas where improvements need to be made. FS officials need to (1) improve controls over contracting to ensure that contracts include all applicable clauses and requirements; (2) ensure that FS developed scoring systems intended to ensure ARRA funded projects are located in areas of economic distress that are utilized by FS field personnel, States, local and nonprofit organizations in distributing ARRA funds; (3) ensure that adequate documentation is presented by program recipients to justify ARRA program payments and expenditures; (4) ensure indirect costs claimed by ARRA contract recipients are fully supported and justified; and (5) establish controls to monitor the accuracy of ARRA recipients reporting on ARRA web sites. FS officials have generally agreed with our findings to date.

Special Use Program

The IG mentions work that is being completed on special use permits, the 74,000 authorizations for over 180 different kinds of land uses.

Moran Q21: Can you please give us a sense of what you found and whether or not the Service is providing adequate oversight of the public resources and seeing that the public gets a fair share of revenues?

Response: OIG is preparing the final report (Administration of Special Uses Program, 08601-55-SF). We expect the final report to be issued by June 30, 2011. We will provide our report directly to the Subcommittee to inform you of our findings.

The audit objectives were to determine if FS properly issued authorizations, collected fees, monitored special use sites, and cancelled or renewed authorizations once the authorization time period had closed.

You mention that these fees amounted to \$15.7 million in 2008 and that the funds go to the Treasury. At Interior these funds stay with the bureaus.

Moran Q22: Do you think an incentive program in which the agency could reinvest some of these funds in managing the program or restoring natural resources might help the Service do a better job on special uses?

Response: We expect our forthcoming audit report will provide relevant information to you on this point.

Work on Forest Legacy

Moran Q23 Can you please give us a sense of what you found in your review of the Forest Legacy program?

Response: OIG evaluated the adequacy of FS' controls over the Forest Legacy Program (FLP) and reported our conclusion in the FLP audit report (08601-56-SF, April 2011). The FLP is a Federal program that supports States' efforts to protect environmentally sensitive forest lands. The states voluntarily participate in the program, which focuses on the acquisition of partial interests in privately owned forest lands through conservation easements.

We found that FS made efforts to improve its management and oversight of the FLP in response to a 2002 review conducted by the Surveys and Investigations staff of the U.S. House of Representatives Committee on Appropriations. Such efforts consisted of developing a national strategy for the program, implementing the Forest Legacy Information System (FLIS) used to store project information and track program accomplishments, and updating the FLP Implementation Guidelines to address issues such as cost sharing, appraiser qualifications, appraisal review policy, and conservation easement monitoring. However, our audit concluded that FS needs to take additional steps to further strengthen its controls over the FLP.

Specifically, we noted that FS appraisal polices are inconsistent among regions and FLP Implementation Guidelines do not require the use of Federal appraisal standards or an appraisal review for donated land or interests in land. Without consistent policies and appropriate guidelines, FS increases the risk that the values determined by these appraisals are incorrect and that States won't meet FLP cost-sharing requirements. From September 2006 to September 2009, FS did not perform 6 out of 21 required Quality Assurance Inspections (QAI). We also noted that FS did not require States to complete the follow-up document in response to issues noted in the QAI. Unless FS takes steps to improve its QAI system, the risk that States appraise donated land or land interests at an incorrect value is unnecessarily increased.

In addition, FS had not established an effective system to ensure that States completed their annual conservation easement monitoring to verify that landowners comply with easement requirements. State easement monitoring ranged from 54 percent to 100 percent. Without consistent monitoring, FS has limited assurance that their conservation investment dollars are not being wasted.

The FLIS database contained erroneous information on 15 of the 26 project files we reviewed and project files were missing critical documentation such as appraisal instructions, appraisals, and appraisal reviews. The FLIS database errors included incorrect total project cost, amount of FLP funds contributed, and number of acres. These errors result in inaccurate accomplishment reporting to USDA senior leadership, Congress, forestry groups, and other stakeholders. Incomplete project files prevent FS from ensuring that the program can accurately track, monitor, and report the status of FLP projects.

FLP Implementation Guidelines do not provide sufficient guidance to States for conservation easements and do not direct FS regions to review State-drafted conservation easement documents. Due to the lack of sufficient guidance and direction, there is no uniformity in how States draft their easements or in how FS regions review them, which results in little assurance that the easement agreement will contain effective language to ensure FLP purposes will be met. However, we are advised that FS is working to implement corrective action plans that will address our recommendations. The corrective actions are scheduled to be completed during 2012.

Mr. Flake Hearing Questions for the Record (QFR)

Duplicative Inspections for Contracted Fire Crews

Ms. Fong's written testimony highlights the fact that the Forest Service is facing shortages for firefighting personnel and that the agency is turning to contractors. She notes that the Forest Service "does not have reliable estimates of the costs of its various contracted firefighting crews or adequate information concerning their performance" and that "the agency is not well positioned to evaluate contracted crews' efficiency and effectiveness."

Flake Q1: What is the Forest Service doing to address their inability to evaluate the efficiency and effectiveness of the contracted crews they are relying on more and more?

Response: FS inserted language in their fire crew contracts to allow FS to terminate contractors from the program if they employ ineligible workers. While this is a good start, more work is needed. (Forest Service Contracted Labor Crews, 08001-2-At, March 2010) FS informed us that it will create a task team with the National Wildfire Coordinating Group (NWCG) to establish clear and objective standards for evaluating the effectiveness of all firefighting crews, and revise the current evaluation form to reflect these new standards. FS plans for this to be implemented by June 2011.

FS further advised that it will modify the National Crew Contract and work with the Pacific Northwest Coordination Group to modify the agreement with the Oregon Department of Forestry to include a requirement that the crew boss maintain a photocopy of the crew performance evaluations from prior incidents that will be distributed to the Incident Command upon arrival at the next incident. FS is developing a revised corrective action plan to address the recommendation. We will work with FS this summer to determine whether the revised corrective action plan will address the recommendation.

Flake Q2: Ms. Fong also noted that the process for deploying these crews is unnecessarily duplicative when it comes to inspections and could be streamlined and save money and speed responsiveness. Are the duplicative inspections legislative requirements or are they something the Service could change on their own?

Response: The duplicative inspections are not legislative requirements and FS has already made some changes. FS directed incident management teams to perform the only inspection of dispatched contract crews at the fire incident. However, FS officials do plan to reserve the right for incident managers to inspect contract crews at any time, if deemed necessary to do so. (Forest Service Contracted Labor Crews, 08001-2-At, March 2010)

Flake Q3: The GAO noted that the Forest Service has identified the wildland fire suppression program as susceptible to significant improper payments, is this due to the Service's approach to using contractors? What type of improper payments are we talking about?

This question is directed to GAO. To date, OIG has not assessed improper payments related to fire suppression costs. However, we are planning to evaluate FS' controls over fire fighting cost-share agreements with non-Federal entities to determine whether FS distributed suppression costs equitably. We will also test whether reimbursements were properly determined and consistent with the agreements. This evaluation process could determine whether wildland fire suppression costs were improperly paid by Forest Service to various non-Federal entities. In addition, we are planning to review FS' controls over its administration of grants to non-Federal entities. Our continuing FS Recovery Act work has found instances of improper payments such as grant reimbursements paid to grant recipients without adequate supporting documentation, as well as cases of grant recipients using funds for unintended purposes.

U.S. FOREST SERVICE FY 2012 BUDGET

WITNESSES

TOM TIDWELL, CHIEF, U.S. FOREST SERVICE KATHLEEN ATKINSON, DIRECTOR, STRATEGIC PLANNING, BUDGET AND ACCOUNTABILITY

OPENING REMARKS OF CHAIRMAN SIMPSON

Mr. SIMPSON. The committee will come to order.

Today we meet to discuss the President's fiscal year 2012 budget for the Forest Service. I would like to start out by saying that we are very happy to have the chief with us here today and thankful that you are healthy and clearly on the mend.

Mr. TIDWELL. Thank you.

Mr. SIMPSON. First, I would like to highlight a positive story in Idaho. On the Salmon-Challis National Forest, the Salmon Valley Collaborative has made some great progress putting together projects to protect communities, improve forest health and reduce the threat of catastrophic wildfires. The Forest Service has been working with the BLM, Fish and Wildlife Service, state agencies, the community, industry, environmental groups and numerous others to solve problems. To me, this is exactly what the Forest Service should be doing. Chief, I applaud these efforts and hope to work with you to expand and build upon these success stories.

This is one of many positive examples of things the Forest Service is doing in my state and across the country. I am concerned, however, that the Forest Service's fiscal year 2012 budget reflects a major shift in priorities by putting land acquisition before fulfilling the agency's mission to manage forest health. I support the President's America's Great Outdoors initiative and recognize the value of providing opportunities for people to connect with our forests, National Parks and amazing natural resources. But it does not make sense to me that we would use this initiative to dramatically increase land acquisition instead of focusing our limited resources on desperately needed efforts to improve forest health and address the maintenance backlog, grazing permit backlog and numerous other problems across the country.

At a time when our forests are significantly overstocked and unhealthy, the Forest Service proposes reducing spending on hazardous fuels, forest health, grazing and fire suppression. Many of these programs support private jobs in rural communities from ranching and forestry to recreation and wildlife management. These important programs, so valuable to rural communities, should be a priority.

The budget also proposes taking \$328 million out of discretionary funds for the Secure Rural Schools Act, which up until this pro-

posal has been a mandatory program. This program is critical for many rural counties in the West, and I appreciate your recognition of that. I am concerned, however, that this proposal moves this program from mandatory to discretionary spending, essentially taking funding away from fire and hazardous fuels to make counties whole. I would like to work with the Administration on a better so-

lution that does not sacrifice firefighting for the counties.

I have a couple other concerns about this budget. The combination of line items under the National Forest System, known as the Integrated Resource Restoration budget line item is also concerning to us, mostly because the Forest Service has difficulties explaining how the fiscal year 2010 and fiscal year 2011 funding and line items would be changed as a result. The Forest Service needs to demonstrate accountability and robust performance measures before the subcommittee can support this proposal. We are the stewards of taxpayer dollars and need to accurately report them.

As you know, the travel management plans were defunded in H.R. 1, mostly because Members of Congress are hearing complaints from their constituents. I do not think defunding travel management plans is the solution, but I do know this issue will continue to come up again, very likely on the House floor. I know there are forests that have done a good job handling travel management plans, including some forests in my own district, but others have ignored the public and concern from local officials. That is not right and, in my opinion, when the Forest Service has not adequately addressed the concerns of the community, they should redo these plans. Chief, again, I would like to work with you on solutions to this problem.

In closing, I would like to commend the Forest Service employees in Idaho and really across the Nation. They do a great job in an environment that is making it increasingly difficult for them to do so. I reiterate my concern about the report that came out a few years ago ranking Forest Service employees as some of the most dissatisfied employees in the Federal government, and I hope that you are taking steps to address these issues. If anyone should love their job, it is a Forest Service employee. I look forward to working with you on many of these issues and thank you and your staff for their hard work that you are doing and for your assistance.

Mr. SIMPSON. With that, I am happy to yield to the gentleman from Virginia, Mr. Moran.

Mr. MORAN. Well, thanks very much, Mr. Chairman.

OPENING REMARKS OF MR. MORAN

Good morning, and we are delighted to see you, Chief Tidwell

and Director of Budget Ms. Atkinson.

The Forest Service as we know manages substantial land in 43 states and Puerto Rico. It has national responsibilities as well with the state and private forestry and research branches. It is a terribly important agency. The open space and water produced in these forests is of tremendous importance, even to the Bronx where while we have some large windowsills, we do not have a lot of national forests, and Mr. Hinchey has a few more, but all of us have a stake in the health of our forests whether we live in urban or rural areas.

Last week, as I mentioned yesterday, I joined the Agriculture Secretary Vilsack and Chief Tidwell and a number of conservation leaders to celebrate the centennial of the Weeks Act. That was an act that was passed 100 years ago this month that allowed the Forest Service to work with counties and states to acquire denuded lands in the East and restore forests and watersheds. At that time the timber industry had gone through and clear cut hundreds of thousands of acres and just left them, and as a result the water was blocked from running. It had begun to toxify. There were no navigable waters in much of the East as a result, and people knew something had to be done but they did not know what to do, and it was Congressman Weeks that went forward in a time that the political context was very much like it is today. There was an aversion to federal activity and yet he was able to get that legislation through, and it has been a tremendous success. It allowed 52 new national forests to be developed in 26 Eastern United States, and it covers more than 27 million acres today.

Now, with this budget we are being asked to continue funding forest and watershed restoration activities. And as strongly as we support the concept, obviously the devil is in the details. There are some issues that I know we want to pursue and we are going to pursue it often-times from different perspectives.

Mr. Chairman, I know you would be disappointed if I did not share with you a quote.

Mr. Simpson. I wait for it every morning.

Mr. Moran. Thank you. The chairman has a real affinity for John Muir particularly, so we are going to quote John Muir. He wrote in his opening to American forests, and I am quoting, "The forests in America, however slighted by man, must have been a great delight to God for they were the best he ever planted. The whole continent was a garden and from the beginning it seemed to be favored above all the other wild parks and gardens of the globe," and he continued, "Every other civilized nation in the world has been compelled to care for its forests and so must we if waste and destruction are not to go on to the bitter end leaving America as barren as Palestine or Spain."

Now, he wrote that a long, long time ago but certainly the wisdom is just as needed today, so while we move ahead with the watershed and restoration agenda, we want to remember that our job is to improve the environment and the forests for the next generation and for all generations to come. Foresters and biologists are trained to be a patient lot, much more than Members of Congress, I might say, but the Congress also needs to oversee the activities on the public lands because so much is at stake. And as we heard from the GAO and Inspector General yesterday, the Forest Service does have some room for managerial improvement in some areas.

With that, again, Mr. Chairman, thanks for holding the hearing and we look forward to the testimony.

Mr. SIMPSON. Thank you, and thank you for the quote. I am not sure that Palestine and Spain like that quote.

Mr. MORAN. You have to call it like you see it.

Mr. SIMPSON. Chief Tidwell, thank you for being here today, and the floor is yours.

Mr. TIDWELL. Well, Mr. Chairman, members of the subcommittee, it is a privilege to be here today to discuss the President's 2012 budget request for the Forest Service. I am here today with Kathleen Atkinson, our budget director, and she will be ready to answer your very specific budget questions once we get into those.

I really appreciate the support that this subcommittee has shown the Forest Service in the past, and I look forward to continuing to work with you for us to be able to provide more of the things that the American public want and need from the Nation's forests and

The President's budget is designed to support the Administration's priorities for maintaining and restoring the resiliency of America's forests. Additionally, this budget request reflects our commitment to fiscal restraint with significant reductions to ensure that we are spending efficiently and focusing on the priorities of the American public. The budget request supports these priorities

through four key objectives.

The first is to restore and sustain the forest and grasslands by increasing our collaborative efforts, Mr. Chairman, that you referenced, to build more and more support for the restoration activities that need to occur that create jobs. The budget requests full funding for the Collaborative Forest Landscape Restoration Fund. It increases the emphasis on protecting and enhancing watershed health with a request of \$80 million for a new priority watershed and jobs stabilization initiative that would really help us focus on funding large-scale projects. It does propose a revised Integrated Resource Restoration budget line item to align our budget structure with the work that we are doing on the ground. This will help facilitate a more integrated approach to developing project proposals that will result in more work and more jobs. We will continue to track the traditional targets such as board feet, miles of stream improved, but we also will track the overall outcomes of restoration and watershed improvement so that we can show you that based on the investments that we are making, we are making a difference at a landscape scale. We are going to continue to incorporate our climate change adaptation and mitigation strategies that have been developed by Forest Service research to determine how our management needs to change, to be able to increase the ecosystem's resistance to increased frequency of disturbances like fire, insects and disease, invasives, flood and drought.

The second objective is the budget request's funding for wildland fire suppression that includes a level of preparedness that will continue our success to suppress 98 percent of the wildland fires during initial attack. It is also a realignment of our preparedness and suppression funds to more accurately display cost. It provides for the FLAME fund to increase accountability and transparency for the cost of large funds, and to further reduce the threat of wildfire to homes and communities, we want to do more of the hazardous fuels in the wildland-urban interface.

The third objective is to increase support for community-based conservation with the America's Great Outdoors initiative, and we want to do this by helping America reconnect with the outdoors by increasing our conservation education and volunteer opportunities through our youth programs. We want to build on the success of our 28 Job Corps centers by supporting the creation of a 21st Century Conservation Service Corps program that will help build skills and provide work experiences for more of our youth. We want to continue to work with our states to use their state and private programs to promote conservation and to help keep private forests forested, and we are requesting an increase in LWCF funding and our Forest Legacy program so we can use conservation easements and land acquisition to protect critical forests and acquire public access.

And the fourth objective is to further support the economic opportunities in rural communities by supporting our recreational opportunities that not only add to the quality of our lives but support these communities with over \$13 billion in annual spending by recreation visitors. We want to encourage biomass utilization and other renewable energy opportunities while we explore ways to be able to process oil and gas permit applications and energy trans-

mission proposals more efficiently.

And then, Mr. Chairman, as you mentioned, we are proposing a framework for a five-year reauthorization of the Secure Rural Schools Act with \$328 million in our budget request to fund the first year. We want to work with the subcommittee to consider options for mandatory funding and also with the overall legislative proposal. Our goal is to increase the collaborative efforts to encourage public involvement in management of their national forests and grasslands. To maintain and restore healthy landscapes, we need to take care of the ecosystem but we also need to support healthy, thriving communities and provide jobs in rural America.

Again, thank you for the opportunity to address the sub-committee, and I look forward to answering your questions.

[The statement of Tom Tidwell follows:]

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Statement of Tom Tidwell, USDA Forest Service Chief

Before the House Committee on Appropriations Subcommittee on Interior, Environment, and Related Agencies

Concerning

The President's Budget Request for the USDA Forest Service in Fiscal Year 2012

March 11, 2011

Mr. Chairman and members of the subcommittee, it is a privilege to be here today to discuss the President's Budget request for the Forest Service in fiscal year (FY) 2012. I appreciate the support this subcommittee has shown the Forest Service in the past, and I look forward to working together in the future to ensure that stewardship of our Nation's forests and grasslands continues to meet the desires and expectations of the American people. I am confident that this budget will allow the Forest Service to support this goal, while also reflecting our commitment to fiscal restraint and ensuring we are spending efficiently.

As the Secretary testified on March 1, 2011, we need to take some serious steps to reduce the deficit and reform government so that it's leaner and smarter for the 21st century. The FY 2012 budget USDA is proposing reflects the difficult choices we need to make to reduce the deficit while supporting targeted investments that are critical to long-term economic growth and job creation. To afford the strategic investments we need to grow the economy in the long term while also tackling the deficit, this budget makes difficult cuts to programs the Administration cares about. It also reflects savings from a number of efficiency improvements and other actions to streamline and reduce our administrative costs. It looks to properly manage deficit reduction while preserving the values that matter to Americans.

A healthy and prosperous America relies on healthy forests and grasslands and the benefits they provide: clean air and water, carbon storage, renewable energy, food and fiber, fertile soils, wildlife habitat, and recreation opportunities. The Forest Service delivers incredible value to the public by protecting and enhancing these benefits through forest health restoration, research, and financial and technical assistance to partners. Our national forests and grasslands help to sustain 224,000 jobs in rural areas and contribute an estimated \$14 billion to the Gross Domestic Product (GDP) each year through visitor spending alone. In addition to managing 193 million acres on 155 national forests and 20 grasslands in 44 States and Puerto Rico, the Forest Service helps improve stewardship of lands outside the National Forest System. The agency partners with and provides technical assistance to other Federal agencies as well as Tribal, State and local governments; private landowners; and non-profit organizations for the betterment of the Nation's forests and grasslands. Furthermore, the agency is a leader in cutting-edge research on climate change, bioenergy, wildfire management, forest pests and diseases, ecological restoration and other conservation issues. The agency works to efficiently maximize limited resources and create a high return on investment for the American taxpayer.

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¹ USDA Forest Service. National Visitor Use Monitoring Results. http://www.fs.fed.us/recreation/programs/nvum/

The FY 2012 President's Budget request for the Forest Service totals \$5.1 billion in discretionary appropriations, a \$178 million decrease from the FY 2011 annualized continuing resolution, and a \$239 million decrease from the FY 2011 President's Budget request. This decrease is achieved through several program re-combinations that streamline operations and increase efficiency and through major reductions in programs, including Roads, Facilities and National Fire Plan programs and associated State and Private Forestry Programs. In addition, the FY 2012 budget includes \$44 million in targeted cost saving measures for the Forest Service through reduced travel and improved acquisition management procedures. These actions will allow us to focus limited resources on programs where we can achieve the greatest impact and that are of highest priority to the American people. Our budget priorities respond to the public's desire to make smart Federal investments that will allow us to pass on to future generations the beauty, wildlife, water and natural resources that we have today.

The FY 2012 budget for the Forest Service supports President Obama's America's Great Outdoors (AGO) initiative, the goals of the USDA's strategic plan, and Secretary Vilsack's "all-lands vision." It aims to maintain and enhance the resilience and productivity of America's forests through four funding priorities: Enhancing Water Resources, Responding to Climate Change, Community-based Stewardship, and Jobs in Rural Communities.

Climate change, severe wildfires, disease and pests have all contributed to declining forest health. With the current forest health crisis threatening the future of our forests, ecological restoration² is a key component to our FY 2012 strategy. We need to ensure that our forests are resilient in the face of future uncertainties. To most effectively address this forest health issue, we must work across landscapes and ecosystems, as well as across ownership boundaries. The Forest Service also aims to create jobs in rural areas, more actively involve local communities in caring for their land, and improve access to natural areas. Ensuring the sustainability of rural communities and increasing community collaboration in natural resources management are critical to the success of restoration efforts and the continued provision of goods and services from forest ecosystems. Finally, using forest biomass byproducts from ecological restoration activities as a source of renewable energy can help enhance U.S. energy security, economic opportunity, environmental quality, and global competitiveness. In FY 2012 we aim to strengthen biomass utilization efforts through our work with other agencies and our programs that encourage market development for woody biomass.

Our four key funding priorities highlight how we as an agency are continually working to ensure that we are responding to the needs of the American public.

Enhancing Water Resources

One of the most important services that the American people receive from forested landscapes is the provision of clean and abundant drinking water. An adequate supply of clean water is integral to the health and prosperity of the United States. Over half of the Nation's freshwater supply originates on public and private forest lands, and is the source of drinking water for more than

² By restoration, we mean the process of assisting the recovery of resilience and the capacity of a system to adapt to change if the environment where the system exists has been degraded, damaged, or destroyed. Ecological restoration focuses on reestablishing ecosystem functions by modifying or managing the composition, structural arrangement, and processes necessary to make a terrestrial and aquatic ecosystem sustainable and resilient under current and future conditions

200 million people. The National Forest System (NFS) alone provides fresh water to approximately 66 million people, or one in five Americans. In addition, healthy rivers, lakes and streams are crucial to sustaining aquatic life, supporting terrestrial ecosystems, and providing high-quality recreation opportunities. Maintaining an adequate supply of clean water will be one of the biggest challenges of the 21st century as our forests and communities continue to deal with climate change, severe wildfires, invasive pests, severe storm events, and development pressures.

In June 2009, the Administration implemented the High-Priority Performance Goal (HPPG) initiative, asking agency leaders to deliver results on a limited number of priorities that are of high value to the American public. Ensuring that our national forests and private working lands enhance our water resources and are conserved, restored, and made more resilient to climate change is a USDA HPPG. In order to achieve this goal, the Forest Service in collaboration with the Natural Resources Conservation Service (NRCS) and Farm Services Agency (FSA) will be working to implement high-impact targeted practices that are expected to have the greatest impact on protecting water resources on over 6 million acres in priority landscapes. These priority areas include targeted acreage on national forests and private working lands in the Chesapeake Bay Basin, Great Lakes, Mississippi River Basin/Gulf of Mexico, and California Bay Delta/Sierras.

The Integrated Resource Restoration (IRR) budget line item, first proposed in the FY 2011 budget request, will allow us to effectively integrate interdisciplinary restoration treatments that will protect and improve our water resources. The FY 2011 budget request proposed to combine the Forest Products, Vegetation and Watershed Management, and Wildlife and Fisheries Management budget line items from previous years. In addition to these programs, Collaborative Forest Landscape Restoration, Legacy Roads and Trails, road decommissioning, and post-fire Rehabilitation and Restoration have also been added to IRR for the FY 2012 request. Moreover, the portion of hazardous fuels management funding work outside the wildland urban interface (WUI) has also been added to IRR for the FY 2012 request as the agency works toward restoring historic fire regimes on the non-WUI portion of NFS lands. Restoration projects require the integration of various stewardship activities. Thus, combining these programs will allow us to use resources more efficiently and will also create the vehicle that will allow the Forest Service to move toward restoring watersheds as a top priority. A new watershed condition metric will be used to evaluate improvements in watershed health using a national standard and provide clear accountability for the IRR program area. Specifically, we are proposing an \$80 million Priority Watershed and Job Stabilization initiative that will use the Watershed Condition Framework, State Forest Assessments, costs, and input from local communities to prioritize projects to fund to make progress toward improving watershed condition class. Proposed projects will be developed by the Forest Service and will come from the Action Plans created for the priority watersheds identified as part of the Watershed Condition Framework. We will also continue to use some of our established targeted measures, as well as continue to track outcomes related to past measures. FY 2012 restoration projects will maintain and improve water quality and watershed function, improve fish and wildlife habitat, and integrate forest products products on into stewardship and watershed restoration activities.

Responding to Climate Change

Climate change jeopardizes the benefits that the public receives from America's forests and grasslands, including clean air and water, forest products, and recreational opportunities. Many of the management challenges that we have faced over the past decades have been exacerbated

by climate change, including catastrophic wildfires, changing water regimes, insect infestations, and disease. In FY 2012, the Forest Service will continue to focus on incorporating climate change adaptation into multiple program areas, which includes making ecosystems more resistant to climate-related stressors, increasing ecosystem resilience to disturbance driven by climate change, and facilitating landscape-scale ecological transitions in response to changing environmental conditions. This priority is again tightly tied to restoration and our IRR budget line item. Restoring key functions and processes characteristic of healthy, resilient ecosystems allows them to withstand future stressors and uncertainties. Examples of IRR projects include decommissioning roads to reduce the risk of erosion from severe storms, reducing fuels outside the WUI to reduce the risk that severe wildfire will damage resources near important watersheds or critical habitat, and reforestation to stabilize critical watersheds and soils impacted by natural events and to increase long-term carbon sequestration capacity.

The Forest Service has developed a Roadmap for Responding to Climate Change in order to guide the agency in achieving its climate change goals. The Roadmap focuses on three kinds of activities: 1) assessing current risks, vulnerabilities, policies, and gaps in knowledge; 2) engaging internal and external partners in seeking solutions; and 3) managing for resilience, in ecosystems as well as in human communities. The agency has implemented a scorecard to measure progress made by each national forest and grassland. The scorecard assesses agency capacity, partnerships and education, adaptation, mitigation, and sustainable consumption.

Our commitment to responding to climate change is underscored in the proposed Planning Rule, published for comment in the Federal Register on February 14, 2011. The Forest Service will begin to operate under the proposed Planning Rule in FY 2012 after it is finalized, emphasizing citizen collaboration and an all-lands approach to management planning, ecosystem restoration, and climate change mitigation. A new budget line item, Land Management Planning, Assessment and Monitoring, has been proposed for FY 2012. Combining the previous line items Land Management Planning and Inventory & Monitoring highlights the clear tie between gathering information through monitoring and making management planning decisions. This combination better aligns program funding with the objectives of the proposed Planning Rule, ensuring that planning, monitoring, and conducting assessments are coordinated across the landscape.

Our climate change research program will continue to help clarify how climate change is expected to affect our ecosystems and the services they provide and to inform decision-makers as they evaluate policy options. With two decades of climate change research, the USFS is the authority on how forest and range management can be modified to address the challenges of global change.

Community-based Stewardship

Working with local communities is critical to the success of restoration efforts and increasing ecosystem resilience across the landscape. Increasing collaboration with stakeholders can move conservation efforts from a scale of thousands of acres to hundreds of thousands of acres. Most importantly, working together with stakeholders from project planning to implementation helps build citizen support for ecosystem restoration projects. The importance of getting citizens and communities more connected and involved with the outdoors has been emphasized in AGO. AGO seeks to empower citizens, community groups, and local, State and Tribal governments to share in the stewardship responsibility for protecting, improving, and accessing natural areas and

their resources, with the end result of a healthy, vibrant outdoor legacy for generations to come. The agency is committed to achieving greater community-based stewardship in pursuit of resilient forests as outlined in the America's Great Outdoors Report. The FY 2012 budget strategically allocates resources to support exemplary local stewardship models and to catalyze new partnerships and innovations. The Forest Service will work towards the goals of AGO through multiple program areas.

Building on the sentiments of the American people, the AGO initiative seeks to maximize use of the Land and Water Conservation Fund (LWCF), which directs a portion of revenue from offshore oil and gas leases to conservation projects. The LWCF funds the Forest Service's Forest Legacy and Land Acquisition programs and provides local communities the opportunity to costshare the conservation of priority forest land. The FY 2012 budget request funds LWCF at the fully authorized amount, which constitutes an increase of \$59 million for the Forest Legacy program and an increase of \$26 million for the Land Acquisition program from the FY 2011 annualized continuing resolution. Forest Legacy works with States, private landowners, and other conservation partners to protect environmentally critical forests threatened by land conversion through conservation easements. Project funding is based on a nationally competitive process. To date, the Forest Legacy program has leveraged more than \$630 million in nonfederal matching funds to conserve over 2 million acres of non-Federal forest land. In FY 2012, 48 projects have been proposed for funding in 38 states. Forest Legacy projects keep working forests working, which keeps jobs in rural areas. Forest Legacy projects also provide public access to recreation in many areas. Land Acquisition supports a similar function. Its primary focus is on land acquisitions and donations on land adjacent to national forests. In FY 2012, 38 nationally prioritized lands have been proposed for funding. Recreation on national forest lands results in a boost to local economies and the creation of jobs. This budget request includes an increase of \$5.4 million for Recreation in support of AGO.

Protecting land that borders NFS lands and acquiring in holdings abates the threat of development. Subdivisions and houses being established immediately adjacent to our wild areas increases costs to the agency, particularly for programs such as fire suppression. We have invested in protecting wildlife for over a century. By fully funding LWCF, our budget will maintain our historic investments for the American people. In addition to LWCF, we also have other tools to increase our management efficiency and become better neighbors with our adjacent landowners and will use these as well. I would like to also draw the subcommittee's attention to the pilot land exchange program proposed in the landownership management budget line item, which will accentuate the benefits of consolidated land tenure on one of our National Grasslands.

In FY 2012 the Forest Service will commence implementation of the 2008 Farm Bill's Community Forest and Open Space Conservation Program. This program provides eligible Tribal governments, local governments, and qualified non-profit organizations cost-share grants for creating community forests through fee-simple acquisition. This budget request includes an increase of \$4.5 million for the Community Forest and Open Space Program. These forests will be able to provide public access and recreational opportunities, as well as protection of vital water supplies and wildlife habitat, demonstration sites for private forest landowners, and financial and community benefits from sustainable management.

The Forest Service will continue to expand community engagement in restoration efforts on National Forest System land through the Collaborative Forest Landscape Restoration Program (CFLR). Under the IRR budget line item, CFLR will provide for the continued implementation

of the ten long-term projects selected in FY 2010 and will provide for the selection of additional long-term projects. CFLR projects are proposed through multi-stakeholder collaborative planning at a local level, and priorities are suggested by a Federal Advisory Committee. In 2010, CFLR funded 10 community restoration projects in Idaho, California, Colorado, Arizona, New Mexico, Montana, Washington, Oregon, and Florida.

Conservation education and volunteer opportunities will be a priority for the Forest Service as we implement AGO recommendations. We already have a variety of programs that have successfully connected youth to the outdoors, and we will continue to find opportunities for engaging youth in conservation efforts in FY 2012. The Lake Tahoe Generation Green program works with local community groups to engage at-risk high-school students in outdoor leadership and forest management activities. The Kids in the Woods program at the Apache-Sitgreaves National Forest is another example of a successful locally-based outdoor education program that has taught over 5,000 participants about a wide range of topics, including invasive species, water conservation, and responsible off-road vehicle use. The Chugach Children's Forest in Alaska connects village, rural and inner-city youth with a nearby national forest, while motivating local District Rangers to work alongside community officials and school superintendents, integrating community youth challenges with outdoor solutions. Volunteer opportunities will also expand across the Forest Service, including wilderness stewardship, trail clearing, restoration of historic structures, and campground host duties.

Finally, the proposed Planning Rule establishes a framework that emphasizes a collaborative approach to land management planning, assessment, and monitoring. The Forest Service will work with the public, Tribes and other partners to develop, revise and amend land management plans, conduct assessments and develop and implement monitoring programs. Collaborative approaches build citizen support in identifying needs, establishing desired conditions, crafting alternatives for future management, and identifying information and monitoring needs.

Jobs in Rural Communities

In August 2009 in Seattle, WA, Secretary Vilsack spoke of the need for a "shared vision" that not only focuses on forest conservation, but also on supporting a forest economy that creates jobs and vibrant rural communities. The Forest Service is not only committed to providing benefits to the American people in the form of clean air and water, fish and wildlife habitat, timber, and recreation opportunities, but also in the form of jobs and sustainable rural communities.

Forests and grasslands are an important source of employment and rural development. More than 2.5 million Americans have forest-related jobs in fields ranging from ecological restoration to outdoor recreation services to the forest products industry. The Forest Service provides service contracts for many types of activities including tree planting, timber harvesting, noxious weed control, culvert replacement, and road reconstruction. Recreation on national forest lands also bolsters local economies and creates jobs. The 2010 National Visitor Use Monitoring Report found that spending by recreation visitors in areas surrounding national forests amounts to nearly \$13 billion each year.

Over the past year the Forest Service has worked to create and retain jobs in rural communities through the American Recovery and Reinvestment Act (ARRA) of 2009. The Forest Service

³ USDA, Forest Service, 2010. Draft National Report on Sustainable Forests, http://www.fs.fed.us/research/sustain/

received funding for two programs. Capital Improvement and Maintenance received funds to restore infrastructure that supports public, administrative, and recreation uses, while minimizing impacts to ecosystem stability and conditions. In addition, Wildland Fire Management received funds to protect communities from large fires and to contribute to the restoration of fire-adapted landscapes. Final completion of all ARRA projects is expected to occur in the next two fiscal years. However, the agency will continue to have a jobs focus. Job creation and rural development will be a priority in FY 2012.

One of the highlights of the IRR budget line item is creating job opportunities in rural areas. Creating job opportunities through landscape-scale restoration projects is a key component of the Priority Watersheds and Job Stabilization Initiative under IRR. Stewardship contracts and agreements will be a significant method for carrying out restoration efforts, and attention will be given to new and emerging markets for the wood removed during restoration activities, as well as the traditional uses for these products. Building a forest restoration economy will create new jobs in rural communities and help diversify the forest products industry to support the sustainability of local communities and the forest contractor infrastructure needed to perform restoration work. Also, we are working to further build a forest restoration economy around wood utilization by targeting grants to assist small businesses. Since 2005, the Woody Biomass Utilization Grant Program has awarded a total of \$30.6 million to 123 grant recipients in 21 States, including small businesses, non-profit organizations, Tribes, and State agencies, to further innovations in the wood products sector that lend to job creation.

The Forest Service has also invested in job creation for youth through Job Corps, a partnership with the Department of Labor. This program helps people ages 16 through 24 improve the quality of their lives through technical and academic career training. With Department of Labor funding, we operate 28 Job Corps Civilian Conservation Centers across the country that provide approximately 6,200 students per year with the skills they need to become employable and independent so that they can find meaningful jobs or further education. In March 2010, Secretary Vilsack unveiled a green Job Corps Curriculum that will help train underserved youth for jobs in the emerging green economy using national forests and grasslands as training sites for solar, wind and biomass energy demonstrations.

America's Great Outdoors hopes to build on the success of programs like Job Corps by creating a 21st Century Conservation Service Corps program that will remove barriers to employment and improve career pathways to jobs in natural resource conservation. This includes use of the Public Lands Corps Healthy Forests Restoration Act of 2005, which expanded youth service opportunities while addressing important conservation and societal objectives. The Forest Service has a long-standing commitment to recruiting employees that contribute to workforce diversity; providing opportunities for disadvantaged youth to pursue natural resource careers; and creating the next generation of land conservationists. The Forest Service will expand on AGO Goal A (to develop conservation jobs and service opportunities that protect and restore America's natural resources) through the Youth Conservation Corps (YCC). This summer employment program aims to accomplish needed conservation work on public lands, provides gainful employment for 15- through 18-year olds from diverse backgrounds, and develops in them an understanding and appreciation of the Nation's natural environment and heritage.

To continue supporting the communities that we work in, the FY 2012 President's Budget proposes a five-year reauthorization of the Secure Rural Schools Act, named Payments to Communities, and includes \$328 million of discretionary funding for FY 2012. This Act

provides annual payments to counties for schools and roads, forest restoration/protection, and fire assistance. The proposal modifies the existing framework to emphasize enhancing forest ecosystems, improving land health and water quality, and increasing economic development activities. The Administration is open to working with Congress to fund either through discretionary or mandatory appropriations.

Wildland Fire Management

The FY 2012 budget request continues to reflect the President's commitment to responsibly budget for wildfires, ensuring fire management resources are used in a cost effective manner in high priority areas. The 10-year average of suppression costs is fully funded, and the allocations between Preparedness and Suppression funds have been adjusted to ensure that readiness needs are fully funded for this fiscal year. The budget request includes a two-tier system for fire suppression. The Suppression account will be the primary source of funding for responding to wildfires, covering the costs of initial and smaller extended attack operations. The FLAME reserve account will provide better accounting of funds to cover fires escaping initial attack that are large and complex, as it did last year. This system ensures that funds are available to fight fires without diverting funds from other critical Forest Service programs and activities.

Conclusion

This President's budget request for FY 2012 takes a comprehensive, all-lands approach to conservation that addresses the challenges that our forests and grassland currently face, while also taking into consideration the need to reduce spending and to find the most efficient way to do our work.

The future of our country's forests and the valuable ecosystem services they provide depend on our ability to manage for an uncertain climate and uncertain market. This means landscape-level restoration, working across ownership boundaries, relying upon a foundation of strong science to guide decisions, and collaborating with Tribal, State, local, private, and other Federal stakeholders to achieve common goals. A comprehensive approach to restoring unhealthy ecosystems will help make our forests more resilient to stressors and disturbances related to climate change and protect our vital water resources. At the same time, we can significantly contribute to economic recovery and job support by building a forest restoration economy. Greater involvement of citizens and communities is key to successfully implementing restoration efforts at large geographic scales. Our vision in creating healthy landscapes not only includes creating healthy ecosystems, but also creating healthy, thriving communities around our Nation's forests and grasslands and providing jobs in rural areas. The FY 2012 budget request highlights these priorities.

I look forward to sharing more with you about our FY 2012 priorities and working with you in shaping the proposals laid out in this budget. Thank you for your time and attention, and I look forward to answering any questions you may have.

THOMAS L. TIDWELL



Tom Tidwell has spent 33 years with the Forest Service. He has served in a variety of positions at all levels of the agency, including as District Ranger, Forest Supervisor, and Legislative Affairs Specialist in the Washington Office. As Deputy Regional Forester for the Pacific Southwest Region, Tom facilitated collaborative approaches to wildland fire management, roadless area management, and other issues. As Regional Forester for the Northern Region, Tom strongly supported community-based collaboration in the region, finding solutions based on mutual goals and thereby reducing the number of appeals and lawsuits.

In 2009, after being named Chief, Tom set about implementing the Secretary's vision for America's forests. Under his

leadership, the Forest Service is focusing on restoring healthy, resilient forest and grassland ecosystems—ecosystems that can sustain all the benefits that Americans get from their wildlands, including plentiful supplies of clean water, abundant habitat for wildlife and fish, renewable supplies of wood and energy, and more.

Such benefits are at risk from the effects of climate change, and Tom has led the way in forging a national response. Under Tom's leadership, the Forest Service has charted a national roadmap for addressing climate change through adaptation and mitigation. The Forest Service is taking steps to help ecosystems adapt to the effects of a changing climate while also taking action to mitigate climate change, partly by reducing greenhouse gas emissions.

Tom has facilitated an all-lands approach to addressing the challenges facing America's forests and grasslands, including the overarching challenge of climate change. Such challenges cross borders and boundaries; no single entity can meet them alone. Under Tom's leadership, the Forest Service is working with states, Tribes, private landowners, and other partners for landscape-scale conservation—to restore ecosystems on a landscape scale.

Tom is married to Kim, and they have one daughter, MacKenzie.

Kathleen Atkinson

Kathleen Atkinson is currently the Director of Strategic Planning, Budget and Accountability for the Forest Service in Washington DC, a position she has held since October of 2009. Kathleen has worked for the Forest Service for the past 29 years, beginning as a seasonal employee in Wyoming. She has held many assignments over her long career, working in a variety of positions and geographical locations.

Prior to her current position, Kathleen held several line officer positions, including Forest Supervisor for the Chattahoochee-Oconee National Forest in Georgia, Deputy Forest Supervisor for the National Forests in Florida, and District Ranger on the Kisatchie National Forest in Louisiana. Before this she was a recreation planner on the Kaibab National Forest in Arizona, a timber management assistant on the Ocala National Forest in Florida, a silviculturist on the Black Hills National Forest in South Dakota, and worked in several positions on the Shoshone National Forest in Wyoming.

Her education includes a Bachelor's degree in Forestry from the University of Michigan, and a Master's in Public Administration from the University of South Dakota.

Kathleen grew up on a farm in Michigan. She enjoys biking, horseback riding, and art.

GRAZING ALLOTMENTS

Mr. SIMPSON. Thank you. I appreciate that opening statement. Let me first ask a couple of specific questions relative to Idaho. Last year, the Payette National Forest made a formal decision to end sheep grazing on a number of allotments because of concerns about possible impacts that domestic sheep have on wild bighorn populations. I recognize that this was a difficult decision for the agency, and I commend the leadership and supervisors of both Payette National Forest and Boise National Forest. Chief Tidwell, I know that you share my concern not only about the impact of this decision on wool growers directly impacted by eliminating these permits but also about the larger impact the decision would have on domestic sheep grazing throughout our national forest system.

One of the concerns I often hear from the wool growers is that there has not been enough research done to determine with certainty that bighorn sheep were dying as a result of contact with the domestic sheep. Could you tell me what research is being done by the Forest Service or the USDA to provide sound science, what efforts are being undertaken to provide a vaccine that might mitigate any impacts with the domestic-wildlife interface, and is the Forest Service working to find alternative grazing allotments for those impacted by this decision and would it be helpful for Congress to include language directing that this issue be addressed quickly?

Mr. TIDWELL. Mr. Chairman, I do share your concern with this issue and it is one that I have tracked not only in my current job but also when I was a regional forester in our northern region where one of the sheep permittees grazed in both regions. This has been a longstanding, difficult issue with bighorns and domestic sheep, and it is an area where there is a need to develop probably more science. Our research scientists are working with at least one effort at a university to be able to do a better job considering what is going on with disease transmission between domestic sheep and the bighorns, so there is a need for us to be able to continue to do that research and we are working in conjunction with the universities on that.

In the near term, the best solution is to find some alternative allotments that we continue to work on to be able to find places that are substantial, and I know both forests have been working on this, and it is a difficult situation because some of the other sheep allotments have been closed because of grizzly bear habitat, for instance. So it is one of the things we want to continue to work on, but I tell you, I cannot stress enough how important it is for us to be able to find solutions and not so much just for this particular situation. The livestock industry is very important to help us, not only the economic opportunities that come from that but also it helps us to be able to maintain open space. What I am talking about is on the private lands because when these ranchers go out of business, almost always they sell out to a developer. Instead of having a ranch that provides wildlife habitat, and in this case some bighorn sheep habitat, what we will get is some really nice, beautiful cabins built there instead that will complicate not only our job as far as providing wildlife habitat but then also it really complicates our mission when it comes to wildfire too. There are just

tremendous benefits for us to be able to maintain the livestock industry for a lot more reasons than just the direct economic benefits. And so we are going to continue to focus on that to expand the research but then also do everything that we can to maintain the industry.

Mr. SIMPSON. There are people who suggest that we should remove all grazing from public lands, who attempt to get cows and sheep and so forth off of public lands. There are a lot of ways to reduce wildfires, fuels mitigation and those types of things. Is grazing an important aspect of reducing the likelihood of wildfires?

Mr. TIDWELL. That is not a dominant tool. It is more of an opportunity that comes along with it. But the focus that we have is to be able to work with our permittees to manage the resource and to lay out that these are the conditions that the resource needs to be in when your livestock are removed. These are the conditions that we are striving for over the next five or ten years so that we can maintain that resource so that the forage is there for the livestock, the forage is there for wildlife, and that it is sustainable. That is always going to be our primary focus on this. I know there has been criticism in the past with some of our grazing allotments, but I can take you out and show you places where the permittees are just doing an excellent job of management and those issues are not there. They work—as far as provide for the wildlife habitat, they do a good job to maintain the riparian areas and they understand that goes with the job. And I will tell you, on those allot-ments we do not have the issues. Throughout the country, the industry is doing a very good job, but it is like everything, there is always one or two. I mean, we have over 10,000 allotments, and I am not going to tell you that every one of them is in great shape, but I tell you, we have made great strides and we are going to continue to work on that.

WILDFIRE SUPPRESSION

Mr. SIMPSON. One other question you brought up in your testimony, you said you put out 98 percent of all wildfires when they start, keeping them very small, right?

Mr. TIDWELL. Yes.

Mr. SIMPSON. You know, as I have studied wildland fires, you have to ask yourself, do we have the right strategy? I know it is tough to say "let things burn" but if some of these things do not periodically burn, the fuels build up and then the likelihood that when a fire starts it is a catastrophic sort of fire increases. How do we balance that?

Mr. TIDWELL. Well, we are balancing it through our approach to wildland fire. We recognize that there are places where fire needs to play its role in the ecosystem. Then there are also places, often because of the wildland and urban interface, where we do not have those options. So when I talk about the 98 percent success rate, and actually last year it was 99 percent, I am focusing on the fires that we take initial attack on. It is the ones where we make a decision that we have a fire that is burning in the back country, in the wilderness, where we want to manage that. We do not count those because we are not taking initial attack, we are applying a management strategy. So we are doing a combination of suppressing

the fires that need to be suppressed but at the same time recognizing the benefits of fire in the ecosystem and being able to man-

age both.

And it works out very well except once in a while on some of the fires that we are managing, weather conditions change from what is forecasted and they become larger or they leave the area that we were trying to keep them in, and that is usually when we receive the criticism. I understand that, but we are doing a really good job working with our communities and getting folks to understand when we are going to suppress, the location of fires, and the set of conditions that it is okay for us to manage. We are doing it with our communities so that they also have, I believe, a higher confidence level; they understand what is going on so they feel a little bit better about it. We are going to suppress the fires that need to be suppressed.

COST RECOVERY

Mr. SIMPSON. One other question. In 2006, the Forest Service finalized regulations that allow them to recover costs for the processing and monitoring of special-use permits including those that are issued to outfitters and guides. Outfitters and guides in Idaho are deeply concerned about the impact that these requirements will have on their businesses, especially during an economic downturn that has hurt the recreation industry. I have appreciated the Forest Service's willingness to engage with these small business owners to find solutions that are mutually beneficial. In particular, Regional Forester Harv Forsgren has committed to sitting down with the outfitters and guides in June to discuss this and other issues facing the recreation industry.

However, I still have some concerns about the Forest Service's cost recovery policy. As we have looked into this, the Forest Service has indicated that it implemented its cost recovery regulations in order to better coordinate these policies with, the policies that the BLM has been using for a number of years. When we spoke to the BLM, however, they indicated the cost recovery structure they use is entirely different. Can you tell me why the Forest Service decided it needed to implement cost recovery and why it chose this

system rather than one similar to the BLM's?

Mr. Tidwell. Well, Mr. Chairman, the reason we pursued cost recovery is to be able to address the backlog of applications that we receive every year. We have over 75,000 special-use permits on the national forests. We receive over 6,000 annual applications, and in the past we had a tremendous backlog where folks were coming in and it might be a year or two before we could even address their application. Many of these are like a one-year permit they are looking for. So doing the cost recovery has helped us to significantly reduce that backlog, and we have taken the approach that if processing the permit and doing the environmental analysis that is necessary takes less than 50 hours of staff time, then there is no cost to the applicant. But if it takes more than that, then there is a cost.

I recognize that with our current approach, it works really well for the large operations. Where the trouble is, is with those folks that maybe it only takes between 50 and 100 hours. They are the smaller operators, some of them are outfitters and guides that we have in Idaho and around the country. That is where the impact occurs. So it is one of the things where we need to take another look at what we are doing to see if there is a better way to do this. I would love if we did not have to have cost recovery. I wish that we could just have the staff to be able to process these permits as they come in and do it very efficiently and that people would not have to wait, but the reality is, that is not the case. So this is what we have tried to do to find this balance and it is one we need to continue to look at to be able to find the right split between the small operators and the large operators.

And then the other thing we are focused on is looking at our processes so that we are making sure we can be as efficient and as effective as we can with doing the processing, and so those are

the things we are going to focus on.

Mr. SIMPSON. Well, I am not opposed to cost recovery. I think it is the right thing to do. The process that the Forest Service has chosen, as I said, is substantially different than the BLM's and you can understand why some outfitters are saying if it takes less than 50 hours, I am exempt, I do not have to pay, but if it takes over 50 hours, I do not start paying at 50 hours, I go back to hour one. So 51 hours, you pay the full cost recovery; 49 hours, you pay nothing, which is a little strange. But I look forward to working with you to try to resolve this because I do not think the outfitters and guides are opposed to a cost recovery program either.

Mr. TIDWELL. We will look at what the Bureau of Land Management is doing and take another look at that and see if there are ways that we can improve this to make it consistent, make it fair

and allow us to be more responsive.

Mr. SIMPSON. Thanks, Chief. Mr. Moran.

CONTINUING RESOLUTION IMPACTS

Mr. Moran. Thank you, Mr. Chairman. It is a good issue and a

good point.

We have gone though six months now, half a fiscal year, an unprecedented time of uncertainty for every federal agency, not really knowing from week to week how much money you are going to have to deal with or even if you are going to have any funds at all. We are now approaching the end of another Continuing Resolution period. There are certain things that you do every year that I cannot believe are not adversely impacted. For example, you hire a number of summer temporaries and have contracts that are seasonal. Has the uncertainty that accompanies the C.R. affected your ability to do that?

Mr. TIDWELL. Congressman, it has. We are not able to enter into our larger contracts that we would normally be awarding at this time of year. We are not able to make the commitments to our seasonal workforce that we normally would be able to do, especially this late in the year. Each week, it is down to each week now, as this continues, it is becoming more and more difficult as we are struggling to find ways to be able to make the commitments to our firefighting resources, for our air tankers and our helicopters that we bring on. We need to be able to make commitments. These folks

want a commitment for the rest of the year, and as each week goes on, it is getting more and more difficult to be able to find the resources to be able to make those commitments. We are really focused on the ones we absolutely have to do but it leaves no flexibility to move forward with the contract work, the restoration work that we would like to get done.

TRAVEL MANAGEMENT

Mr. Moran. Thank you. I was afraid that would be the case and

I guess it is fairly obvious.

During the extended debate on the full year Continuing Resolution known as H.R. 1, there are any number of environmental riders, some affecting the Forest Service, and one of them, thanks in large part to Chairman Simpson, an amendment was defeated that attempted to cut funding for your international program. Another case, though, an amendment by Mr. Herger, was passed that stops the Forest Service from managing its roads. I would like for you to talk about your off-road vehicle management program and the road system generally through the forests and what impact this amendment would have. And let me just mention the larger context. The Forest Service has been talking about comprehensive forest transportation plans for years, identifying which roads should be saved, which removed and where people ought to be able to travel with off-road machines. I guess it is fair to ask why it has not been done yet and when it will be done, but I do specifically want to know what is the impact of that amendment if it were to be legislated in final form. What it would do to Forest Service?

Mr. TIDWELL. Congressman, thank you. I first also want to thank the support for our international programs, and I just appreciate

everyone's help on that.

When it comes to travel management, I understand the concerns and I understand some of the concerns that you folks are hearing from your constituents. Travel management is always by far the most controversial issue that we deal with. It affects everyone whether you are an active user of the national forest or an occasional user. The purpose of our travel management planning when it came to determining a motorized vehicle use map, there is one reason for that, and that was to be able to sustain motorized recreation on our national forests. When we started this process, there was tremendous opposition that was forming against motorized recreation. We were in court constantly. And so we made this decision a few years ago to move forward and have a system of roads and routes and travels on all of our national forests and grasslands that would have consistent signing. We would take a fairly consistent approach to reaching out to the public to be able to determine what the system should be and the sole purpose is to be able to sustain motorized recreation. We did pretty well early on and there was a lot of support for folks to come to the table, and we got about 65 percent of the forests and grasslands that have completed the work but there is still a significant portion that has not. I recognize the controversy that comes from this, and the thing that I would ask your support is to encourage us, direct us if you need to, to really reach out and embrace collaboration to be able to find solutions because that is the way forward with these issues. Bring people to the table, keep them at the table until they can work out their differences and then we can go forward with a system so that folks who want to ride their motorcycles, their ATVs, their Jeeps or whatever, they will know that they have not an opportunity this year to do it but they also know that they will next year, the year after and so forth.

And the other key part of it is that we can go from one forest to another and see the same system of maps, so it is very clear and easy for folks to understand which roads and routes are open and which ones are not so that the users can follow the regulations and

further reduce the overall controversy.

The other key part of this that I need to mention is that before we started this, there were many of our forests and grasslands that allowed cross-country travel. You could just take your ATV, your motorcycle, your Jeep and go anywhere you possibly could. It was resulting in a significant amount of impact to the environment, which just added to the opposition. That was something that we felt we had to basically put an end to and so not only did they identify the system of routes and trails but they also identified areas. There may be a specific area where it is fine to be able to have cross-country travel. Those are going to be fairly limited and well signed, but we try to provide every opportunity we can.

LAND ACQUISITION

Mr. Moran. Thank you, Chief. That is basically the discussion that we had on the Floor.

I wanted to ask you about the Federal Land Acquisition program because the Forest Service is such a big player in that. You have got a 41 percent increase to a total of \$91 million in the President's America's Great Outdoors initiative. It is a reasonable concern that we should not be buying more land when we cannot afford to take care of what we have, but I understand you are not really talking about buying new national forests as much as it is a different kind of purchasing to improve management efficiency and protect what we have. You might also touch on the Forest Legacy program. That is up 78 percent to \$135 million. Give us your philosophy, if you will, why this is not subject to the concern that we are acquiring more that we cannot manage but it is in fact improving our ability to manage what we have.

Mr. Tidwell. Well, Congressman, I appreciate the concern with our additional request with LWCF funding. I can understand where that is coming from. On the other hand, the reason that we have increased our request is based on what we heard from the public in the meetings that we had and the listening sessions that we had across the country with the America's Great Outdoors initiative. There was strong, strong support for our LWCF programs, and the reason for that is, these are relatively small parcels. In fact, with the total LWCF program for 2012, we would look at acquiring about 33,000 acres across the country. These are usually small inholdings that are a critical habitat in some cases but also provide public access. One of the things we focus on is acquiring those properties that for a variety of reasons, the landowners feel they have to shut down public access. And so that is why we feel we need to continue it.

With our Forest Legacy program, and especially in these economic times, there are folks that are faced with tough decisions about leaving their land and selling it to some form of developer, some form of development, or being willing, or wanting to work with us. It is not willing. These are folks that want to work with us to acquire a conservation easement on their land so they can continue to ranch, so they can continue to manage forestry on their private lands. Those are the key benefits. It also reduces our cost in almost every situation, especially when we acquire an inholding, a 40-acre, 160-acre inholding, it reduces our costs. It reduces the cost of boundary-line administration. It reduces our management costs, especially with things like with fire. When we no longer have to deal with an inholding, it gives us more flexibility with our fire management so there is also a direct reduction in those costs.

So I think folks need to understand that these actually help us reduce our cost of administration, but I sure do understand the concern that especially in these economic times that we have, why

we would be asking for this increase.

Mr. MORAN. Well put, Chief Tidwell. Thank you very much.

Thank you, Mr. Chairman.

Mr. SIMPSON. Mr. Lewis.

HAZARDOUS FUELS

Mr. LEWIS. Thank you, Mr. Chairman.

Welcome, Chief Tidwell and Ms. Atkinson. We very much appreciate the work that you are about. I think maybe the major story in the news this morning reminds us that Mother Nature is a little bit difficult to predict, let alone control. Over the years I have been involved in public affairs, one of the more controversial agencies because of the proximity of the San Bernardino National Forest has been the Forest Service. Early on, my predecessor was constantly, it seemed, in lines of attempted communication with the Forest Service, oftentimes our constituents felt with very little or no result. I must say, Chief Tidwell, that environment, if the original reflection was accurate, has changed radically. We have had an endless series of floods, fires, bark beetle, et cetera, in our region. With that, there has developed an amazing level of cooperation between the various agencies involved with these responsibilitieslaw enforcement, the Forest Service, people who control the highways, et cetera, really phenomenal willingness to work together that has helped to improve people's sense that we are attempting to maintaining managing the forests adequately and at the same time make sure that we recognize that these are the people's lands after all.

In southern California, as you know, we have recently had a series of flooding problems. One of the major highways of access into two of our major communities in the San Bernardino Mountains, Highway 330, essential got washed out. Some of the questions that you have already discussed relative to the need to ensure that we are being careful about environmental considerations, et cetera, could very well be a part of the discussion but I am pleased to say that there is great work going on between the Forest Service and Cal Trans to solve that problem. We have already discussed the

fact that you are moving rather quickly on that and I very much

appreciate it.

An interesting and important note is the way we manage the forests and especially manage those portions around the urban centers as it relates to hazardous fuels. Especially around Lake Arrowhead and Big Bear, people are concerned that a backing off of availability of funding as well as priority could very well lead to potential disaster in pretty significant population centers. Could you give me an idea—I know there has been some shifting of management monies back and forth. Can you give me an idea of how we are going to deal with this 25 percent reduction of hazardous fuels and what it means to the management of that portion of my forest?

Mr. TIDWELL. Mr. Lewis, there is not a 25 percent reduction in hazardous-fuels funding request. We did do a couple things that would maybe lead folks to see that, and one of them is that we wanted to increase our focus on the wildland-urban interface, as you mentioned how important that is, and so we have kept that fund and I think there is about \$250 million that will be focused just on that with a target of about 1.2 million acres to be treated. The rest of our hazardous-fuels funding we did put into our Integrated Resource Restoration. This is outside of the wildland-urban interface. So there is another, I think, \$85 million, \$87 million that was put into that Integrated Resource Restoration, and we felt that by putting that fuels funding into that budget line item, it would help us to do a better job to integrate the overall program, so when we are looking at a landscape, it is not only to look at what we need to do for forest health, what we need to do for watershed conditions but almost always there is a hazardous-fuels component to every project that we do. It just made sense from our view and for the way projects are actually designed to actually have some hazardous-fuel funding.

Now, there is about a \$9 million reduction in hazardous-fuel funding from fiscal year 2010 to what we are proposing in 2012, and it just reflects our commitment to fiscal restraint. These are just tough budget times, and really the majority of our budget line items except for about three actually do go down. It is just one that we felt looking at the overall balance that we could take a little bit out of there. But the other thing we want to do is continue our focus to work with other agencies, the counties and the states, but there is that \$9 million reduction in our request.

EMPLOYEE RETENTION

Mr. Lewis. As you know, in our own forestry region, the interplay with the BLM and the Park Service as well, we often talk about people in different shades of green uniforms. Specifically, I am concerned about the turnover problems that we have in the Forest Service, the number of people, as the chairman indicated, and it ought to be the most popular possible place to want to work and yet it would seem that we do have this turnover constantly. It would be easy to say that is simply because other agencies pay them more money and hire them. What do you think we are going to be able to accomplish in terms of the 2012 budget relative to that problem?

Mr. TIDWELL. Especially in southern California, we did have higher attrition there, especially in our firefighter ranks, and over the last couple of years we have made some changes to that. We have done two things. One, we have provided a retention, a pay increase similar to what we have been doing for decades there in southern California to be more competitive salary-wise, and this is with our firefighters. And then we also converted many of our temporary positions to full time and that is full time that where they are working just four or five months they have the option to work more like eight months to maybe a full year, and we give them the option of having a permanent job which has benefits. I think the combination of these two programs has significantly reduced the number of vacancies that we have. We have dropped that by way over 50 percent from what we have had in the past. So those are two things that we are doing directly.

The other thing, and the chairman brought this up, is with the survey that was done a couple years ago about the overall morale. You know, we have the most dedicated, committed workforce, I think in Federal Government by far, and I may be a little biased but I truly believe that. For the most part, they are happy but there are certain things that they would like to see improved and they should expect to see things improved. Those are some of the administrative operations and functions that we did, some things that have actually asked all of our employees to do more administrative tasks, and those are the things we have been working on, to reduce that and address those concerns. So I meet once a month with employees who represent a cross-section of our agency so I can hear directly from them. These are folks who represent every level of the organization and I can hear from them directly about what is going on, what they are concerned about and that sort of thing.

So I feel that we are making some progress.

The biggest challenge that we have and many federal agencies have the same challenge is that our folks do get frustrated because they are not able to do everything, and they are so dedicated, they want to do it all and they will donate their weekends, their evenings. They will do just about anything to be able to do that, and so there is always going to be this concern of needing more resources to be able to get more work done, and we really stress that we want them to really just feel good about what we are getting done because it is tremendous. At the same time, every time that survey is going to be taken, that frustration will be reflected, and it is not all bad. I think most corporations would line up to have our workforce.

LAW ENFORCEMENT-INTERAGENCY COORDINATION

Mr. Lewis. Frankly, that is a very interesting response. I think it kind of adds to the flavor of what we have been discussing.

If I could, Mr. Chairman, just briefly, recently when we met with the Inspector General and GAO, I talked about a trip to the forest one time by way of helicopter where we saw some very interesting crops being grown in the national forest, and I knew that this was not a Forest Service effort to raise funding across the budget, but in the meantime it does raise the question about the need for us to not only oversee these challenges but to effectively be able to

communicate not just with other federal agencies but also local law enforcement, etc. I am sure you are aware of GIS, that whole communication system that is improving all of our ability to communicate with one another. Are you involved in a project to attempt to figure out better ways for your agency and your personnel to communicate with other agencies whether they be local law enforcement or USGS or otherwise?

Mr. TIDWELL. Yes, we are, and we are probably doing the most in the law enforcement arena and in the drug control arena. I feel very good about the willingness of all the agencies that deal with marijuana growth on our public lands and in this country and we are sharing radio frequencies, we are entering agreements. For instance, we have an agreement on the southern border where the border patrol will actually take over road maintenance on some of the roads that we really do not need to have it be a fairly highlevel road for Forest Service activities but they do for their role and to carry out their mission and so they are willing to actually then take through this agreement, they will take over the maintenance responsibilities because they need certain roads to be at a little higher standard so they can be more responsive. And then also when it comes to not only communications but just sharing information, we are doing this not only with our federal partners but also with our states and counties, and that is just essential and especially in your part of the country. I believe we have a model of cooperation down there but we still need to improve on that and so those are the things we want to continue to work on so that we can share information between the various agencies so we can all be more effective in carrying our specific missions but also the missions that we share.

Mr. Lewis. Mr. Chairman, I learned that Chief Tidwell is not the son of a former sheriff of San Bernardino County. But in the meantime, we are concerned about using forest product for biofuels and the like. Berkeley is providing a serious opportunity to experiment with that. Thank you.
Mr. SIMPSON. Thank you, Mr. Lewis.

One other point that I just want to make before we go on, on the personnel management. This has been an issue for a number of years regarding the morale of the Forest Service. One other issue that always comes up when I talk to Forest Service personnel is most people enter the Forest Service because they love the outdoors. They want to be out managing the forests and so forth and they find themselves more and more spending time behind a computer preparing for defense of certain decisions against lawsuits instead of out doing what they love to do, and I think that adds to the morale problem that many of them have, and it takes away the resources that we should be using to manage the national forests and their time personally, so that is something that I continue to hear from personnel as I talk to Forest Service employees around the country.

Ms. McCollum.

INTERNATIONAL FORESTRY

Ms. McCollum. Thank you, Mr. Chair. And as was pointed out, I think a lot of our thoughts and prayers are with the people in Japan and that part of the world and what is about to fall on the West Coast of the United States.

I want to put out there, I do not always agree with President Obama. I agree with him quite often. It is not too often I disagree with him. And I want to express my strong disappointment that the Administration proposed terminating the international forestry program, and that has been brought up here in testimony before Congress. I think that shows that it feels very strongly about this. It is a small, but vital agency and it has done a lot of valuable work over the past decades. It plays a very unique role as one of the two federal agencies working internationally with NGOs to address very critical natural resource issues that are vital to jobs and the economy right here in the United States.

The international forestry program is the sole provider of technical expertise on timber and logging issues. The international trade agreements, you are the representative for the United States. You are there. It is not the State Department, it is the international forestry department. You work to stop the global flow of illegal wood that is undercutting our timber industry, and for this reason alone, the American Forest and Paper Association has also expressed criticism of the Administration for eliminating this program, citing the uncertainty of the agency would have technical ca-

pacity to really tackle a lot of these illegal-logging issues.

But along with that, in addition to stopping the illegal flow of timber, the international forestry program has also worked tirelessly with Ducks Unlimited to protect the Canadian boreal forest for future generations to ensure that our hunters have waterfowl habitat. This is an area that is second to none for the breeding ground for ducks and migratory birds in the United States, and that means real money for jobs in our economy in Minnesota. The waterfowl industry in Minnesota alone contributes over \$43 million to our local economy.

Now, the Administration claims that the work of the international forestry program is not central to the mission of the Forest Service, but I fail to see how we are going to address invasive species if we do not work across international borders. The emerald ash borer, which originates in Asia, threatens millions of acres of forest in my home State of Minnesota and across this country. The West Coast salmon migrates to Russia, making the protection of the Russian watershed vital to the U.S. fishing industry, and the international forestry programs works on those issues. And as was pointed out, there was an amendment that we worked in a very bipartisan fashion to defeat to cut off funding.

So my questions are, without the international forestry department intact, where it is identifiable out there, who will be the U.S. representative when it comes to international trade and protecting our forestry projects? Who will be the international interlocutor with the world, but particularly with Mexico and Canada with migratory birds? Who will be the person, the entity out there to track and coordinate invasive-species research and movement? Who will be there collectively for Congress to look to for answers and where the international community engages, but also where our hunters, our fishermen and women both commercially and recreationally and our timber people look to? What will happen if we do not fund

this? And I am very, very concerned about what will happen if this

program disappears. It is small but boy, it is effective.

Mr. TIDWELL. Thank you. First of all, thank you for your support, and I may need to apologize if we have misled the subcommittee on what we want to do with our international programs because it is not to zero it out. It is to eliminate the separate budget line item for international programs but still be able to continue that incredibly essential work, as you have so well described. I mean, I could not do it better myself. And so we were looking at increasing some efficiencies within just our budgeting systems so we looked at several of the smaller budget line items that we have and looked at some opportunities to reduce some of those with the full intent to be able to continue that program.

And I do know that there is some questioning if we have the authority to fund international programs out of a variety of budget line items versus having just one, and we want to work with the committee to address that issue through either making sure that they have the authority or if the committee feels we just need to have the budget line item in there, we definitely want to work with

you on that.

But as you look at everything that this agency does and when I look at our international programs and the amount of funding that we request each year and the outputs, it is probably one of the most effective, efficient programs that we have, and granted, a majority of the funding comes from the State Department and USAID because of what we are able to accomplish, but as you mentioned, the work that we have done to reduce illegal logging has a direct benefit to the industries in this country. The work that we do with migratory species has a direct benefit to this country. There is also, I believe, a direct and somewhat indirect benefit of helping some of the developing countries to be able to move toward sustainable conservation and sustainable forestry. It will have tremendous benefits not only today but for the future. And so I just want to thank you for your support of this program and we want to work with the committee to be able to find ways that we can continue our international programs work and we are open to have that discussion.

Ms. McCollum. Well, Mr. Chair, here is my concern. You are authorized to have this entity and the authorization, what it does is, it allows Congress when we are doing our oversight to look at what State, USAID and you are doing all in one area. When this gets divided up into different line items, it becomes very difficult for us to do our oversight and it also makes it very, very tempting when agencies are fighting for crumbs, as many will be with what I am seeing here happening in Congress, it is like well, this is pretty small and, maybe we will hold somebody else to do it so we will do it here and if this is important, somebody else will do it. And it starts to fall through the cracks. By having this located in the way that it is, it puts a lot of sunshine. I think that is one of the reasons why it is so efficient and why it is so effective because you know are getting so much scrutiny under it. It also allows us to kind of in our oversight capacity really see what we are doing in the areas of protecting our habitat as well as protecting the species

that go across our borders.

I am very concerned, and I do not take great comfort in the fact that this is going to be micro-divided in other parts of the budgetother agencies. If this is important work, I guess you are hearing from this Member of Congress that this is a tension between us and the Administration and that Congress wants to be able to see how these programs are working and we want to be able to have more direct oversight on it. I think we have that when we have an international program which was authorized by Congress. I really see that the President maybe needs to kind of think this over, and I encourage you to have discussions with the Administration. I think the House of Representatives has spoken very clearly on this.

Mr. MORAN. Would the gentlelady yield? Ms. McCollum. I would be happy to yield.

Mr. MORAN. I would like to just put myself on record in total agreement with the gentlelady for what it is worth. Thank you for

raising this, Ms. McCollum.

Mr. TIDWELL. You have my commitment to work with the committee in ways necessary to maintain your confidence and support for this program, so we are open to work with you and your staff to find ways so that we can assure that you can carry out your oversight responsibilities and be able to do it in a way that you can track how the money is being spent and the performance that is

occurring.

Ms. McCollum. I do not doubt for a second that you are a man of your word with that, but congressionally directed legislative funds earmarks, authorizations that Congress does, this is a way in which Congress has a direct voice on how money is appropriated and how it is spent. The more power agencies have, the more power the Administration has to determine where every single penny is going. That takes power away from the people and I actually see this as part of a constitutional tension between the Administration and Congress. The President is doing his job. I do not blame the President for wanting to have more total control over the dollars, but we are also doing our job in saying that there will be oversight, there are statutory authorizations and we expect those to be at a minimum discussed before they are totally eliminated out of the budget.

Thank you, Mr. Chair. Mr. SIMPSON. Mr. Hinchey.

GAS DRILLING-HYDRO FRACKING

Mr. HINCHEY. Thank you, Mr. Chairman, and thank you very much for the important jobs you are doing. This is a very important set of circumstances.

I wanted to ask a question first of all about gas drilling on national forest lands. As you know, earlier this year there were several scientists in the Forest Service who published a report about the effects of natural gas drilling on the Fernow Experimental Forest located in West Virginia. The Fernow was established, as you know, back in 1934. Research there has focused on forest management and watershed research. This drilling was significant. It followed just shortly after the expiration of a very important law here by this Congress, a law that was in effect for a long time which oversaw the way in which drilling was taking place to make sure

that it was not being done in contaminated ways, ways which were going to be deeply dangerous. Unfortunately, that expired here.

Congress expired it back in 2005.

So two years later in 2007, construction began on a new natural gas well and pipeline, and this report evaluated, this report that they put out evaluated the impact that this development had on the natural and scientific resources in that drilling on the Fernow. Some of the findings were pretty remarkable, and here are some of them as they were. Loss of control of the drill bore resulted in drilling fluid spewing uncontrollably into the air, turning foliage brown, causing leaves to fall off trees and killing vegetation. Fracking waste that had been deposited in pits was sprayed into the air to dispose of it. And there were many other unexpected impacts that were not carefully controlled or planned for in the—well, that were not really cared about in the way in which this drilling took place and was not cared about because of the fact that that law was revealed. They could just do whatever they wanted to. So the report also made several recommendations including the need for a better knowledge of the chemical makeup of the drilling and hydro fracking fluid and more thorough risk assessment that consider a variety of scenarios to help prepare for such unexpected effects of natural gas development. So these seem to be like very commonsense recommendations.

So I was wondering if this is something that you have looked into, and if so, what was your reaction to this report, the report that was put out earlier this year by these scientists? And have any effects been taken on steps to respond to those recommendations and to try to do whatever can be done to make sure that this

kind of thing does not continue to happen?

Mr. TIDWELL. Just yesterday I met with Michael Rains with our northern research station to be able to discuss not only what occurred there on the experimental forest with this approval of the well but also what we need to do to address this overall issue as there is more and more activity, especially with this hydro fracturing technique that is being used by the industry right now. So we have made the commitment to dedicate some additional scientists to work with our managers to be able to evaluate the cumulative effects of this activity so we can do a better job to be able to understand what the tradeoffs are going to be and what the consequences are going to be.

When I saw that report, I too was concerned. I mean, some of those things should have been addressed just through us doing our job to be able to monitor the activities of the drill rig, etc., and those are just unacceptable under any situation and so I have no response for that. I mean, those things should not occur. But we are really focused on the larger issue and to be able to move forward and to make sure we are using the best science to really understand the hydrology, especially with this different technique

that seems to be quite popular now.

Mr. HINCHEY. Well, this is something that should be corrected by this Congress because it was a big mistake that was made, pushed by the previous Administration, the Bush Administration back in 2005. That should be changed, and I am hoping that this Congress is going to wise up and get that change into effect.

In the meantime, when it comes to public lands, we have an obligation and responsibility to oversee that and make sure that these things are not happening on public lands.

Mr. TIDWELL. Yes.

RECREATION—FOREST MANAGEMENT PLANS

Mr. HINCHEY. And I hope that that is going to take place as an example of the kinds of things that really need to be done in this regard. This hydro fracking has been very, very damaging and dangerous on a lot of private lands, also on public lands, and it needs to be dealt with, and I thank you for your insight and your concern about it.

I also wanted to just make a quick comment about recreation and national forests. I understand that the Forest Service has requested comments on how the agency should rewrite the rules to implement the National Forest Management Act of 1976. So I applaud that, of course. I applaud the new management vision that has been shown into place and articulated for the national forest and grasslands. Focusing in ecological restoration and water resource protection, it is a very welcome development, and I know that you feel that way too.

An estimated 180 million visitors make use of our national forests and grasslands. In order to serve the needs of these millions of people, the Forest Service manages an existing investment of approximately \$4.1 billion in outdoor recreation infrastructure. Recreation is also a key economic driver representing an estimated 60 percent of the Forest Service's total contribution to the United States gross domestic product, which is really remarkable, significantly more than logging and other resource extraction activities combined, all those things combined.

So as you develop new rules, I would strongly urge you to make recreation a focus of any new forest management plans. So if I could just ask you this. What is the status of new management regulations that you are developing, and how do you intend to ensure that recreation restoration and resource protection are incorporated into future forest management plans?

Mr. TIDWELL. Mr. Congressman, we just recently released our proposed planning rule that would provide a new framework for us to complete our forest plan revisions. One of the things that we heard during the public meetings that we held across the country was the need to increase the emphasis on recreation. As we look back on the rule we have been using that was developed in 1982, back in 1982 recreation had much less importance for all the reasons you have laid out so well. So we recognized, and we also heard that very strongly, that we needed to really increase the emphasis on recreation and the importance of providing those recreational opportunities, not only for the economic benefits as you described but also just for the overall quality of life that it provides. That is one of the things that we focused on and now we have the proposed rule out. We are going through a 90-day comment period so we will have the opportunity for the public to comment on that. We will be holding basically meetings across the country to be able to sit down with folks and explain the intent of our proposed rules so

that they can provide even better comments to us. So that is where

we are in the process.

I feel very good about the approach, some of the changes that we have taken when it comes to recreation, and so I know we will be able to improve the proposed rule with the comments that we receive but I think we are definitely in the right direction to accomplish what you are asking.

Mr. HINCHEY. Well, I thank you very much. I deeply appreciate the very important things that you are engaged in and how you are

doing it.

Mr. Chairman, thank you. Mr. SIMPSON. Mr. Serrano.

URBAN AND COMMUNITY FORESTRY

Mr. Serrano. Thank you, Mr. Chairman. As I was awaiting my turn, I could not help but listen to my brother, Mo Hinchey, and I was reminded that in January of 1975, we both walked in a little less wrinkled and a little less gray into the New York State Assembly, and from day one Mo Hinchey was our person, our voice on the environment, on energy and other issues, and for those folks who sometimes get cynical about government and about elected officials, some people state what they believe in. Thirty-seven years later, again a couple of wrinkles and a couple of gray hairs on both of us, he is still fighting that fight and fighting it well.

Mr. HINCHEY. I wish my hair was the color of yours.

Mr. SERRANO. Some day I will tell you—

Mr. HINCHEY. We are envious.

Mr. SERRANO. I am on camera so I am not going to tell you. That was a long time ago, Mo. My son was not born yet, and now he is in the State Senate. Or just barely born.

Because I represent an urban area, I am always interested in the Urban and Community Forestry program, and I notice that there is a \$2 million increase over 2011 or the estimate for 2011. Can you take a moment to discuss what you hope to accomplish with this increase?

Mr. Tidwell. The reason for the additional request in fiscal year 2012 is our recognition of the importance of urban forests in this country. We have over 700 million acres of forests in this country but out of that 750 million acres, there is close to 100 million acres that is in urban settings. It is just essential that we recognize the importance of those basically for the overall quality of life they provide to folks who live in urban centers but also the benefits that they provide, the wildlife habitat, the reduction in energy costs, the improvements of water quality, air quality, the reductions in infrastructure costs that some cities are finding that by doing more with their urban forests, they can reduce the cost of dealing with stormwater drainage and actually reduce some of the systems, reduce the size of the pipes they have to use by doing more with urban forestry. And this is one of the areas we want to continue to work on and work with our communities.

I was just in Philadelphia yesterday to basically see the signing of an MOU between the Pennsylvania Horticultural Society and the Forest Service, and it is really to kick off an effort between the State of Pennsylvania, the State of New Jersey and the State of Delaware to plant another million trees within that area where those three states come together in an urban environment because those leaders, those communities, those cities, those mayors, they understand the importance and they are willing to put their support behind this. What they look for in the Forest Service is for us to be able to provide the technical expertise to be able to provide some financial assistance, and that is the thing that we can bring to the table, to helps folks really understand how to go about this, what is the right approach and so that is why we have asked for an increase in that appropriation so we can do more in this arena.

Mr. SERRANO. Again, as a representative from the Bronx, New York, I wish it would be more believable to you both and to this committee if I told you that I remember a young man or young woman coming back from an overnight week, a camp in the outdoors, coming back and saying I never want to do that again, and

I do not remember anyone ever saying that.

And so with that in mind, I know that you do work with the young people trying to get them involved. What is happening in

that area and what can we expect?

Mr. TIDWELL. Well, it is another area that we want to increase our efforts under the America's Great Outdoors initiative to reach out to more of the youth and find opportunities for them to volunteer or actually opportunities for them to gain work experience, and we want to do this with our partners. We will continue to have our youth programs that we have always had, but we want to be able to reach out and use the student conservation corps networks to be able to continue our partnership that we have there in New York City with the MillionTreesNYC effort where they are able to provide jobs for folks, for young adults to be able to learn how to deal with urban forestry, and the programs have been very successful. There are graduates that come out of that program who are able to then find jobs right in your city. Those are the things that we want to continue to expand. Between our programs and the student conservation programs across the country, there are close to 6,000 youth that we provide a work experience and then tens of thousands of volunteers that we also share this opportunity. This is one of the things that we need to increase for all the right reasons, to help our youth reconnect with the outdoors. Whether you spend your entire life in an incredible city like New York City or you are out in more of a rural part of the country, I think it is just essential for America to understand those connections, and folks need to understand why urban forests are connected to the most wild places in this country. By understanding it will help us to deal with the problems, and many of our forestry problems start in our urban areas so that is another reason we want to strengthen that connection.

Mr. SERRANO. Thank you.

EL YUNQUE

Mr. Chairman, as a prefacing comment to my last question, I want to apologize for something I did to you. When I walked in, I looked at that map and I did what I do everywhere I go in the federal offices. I say where are the territories, and all these maps just have the 50 states, and my point being the territories should be included. That may be the only map that should not include the territories since I see it says Congressional districts, and that is a whole different issue. You are the only office that actually has the

right map up.

So speaking about the territories, El Yungue is the only rainforest, I believe, under the forestry system, and it is just one of the marvels of the world, as you know. It celebrated its centennial in 2003. What are we doing working with the Commonwealth of Puerto Rico through the Forest Service to make sure that we can

enjoy it for at least another 100 years?

Mr. TIDWELL. Well, we enjoy very good relationships down there and to be able to share the benefits, and one of the big benefits of that forest is not only the incredible habitat that is protected there but also the recreational opportunities that come with that, the economic opportunities that are tied to the recreation. Our tropical institute that is also located in Puerto Rico provides us the opportunity to continue our research in tropical forestry, and not only does that help there in Puerto Rico but it also helps around the world. So in combination between the forest and that institute, it is just a really good package of us not only being able to continue to provide for that forest itself and all the wildlife and recreational benefits but also for our tropical institute to be able to continue our research that not only helps this country but it is also a key part of our international programs.

Mr. SERRANO. I understand, and correct me if I am wrong, that there good are small wildlife there and orchids, for instance, orchids that are not found anywhere else under the American flag.

Is that correct?

Mr. TIDWELL. That is correct.

Mr. SERRANO. Now, aside from the one you oversee, where else

do we have rainforests under the American flag?

Mr. TIDWELL. Well, part of the Tongass National Forest is also a rainforest and there are also some locations along our West Coast, relatively small, but the Tongass would be the other place. Mr. SERRANO. Thank you. Thank you so much.

Thank you, Mr. Chairman. Mr. SIMPSON. Thank you.

INTEGRATED RESOURCE RESTORATION

A couple of other questions. Secure Rural Schools, we have talked about a little bit during your testimony and during my opening statement and other individuals have mentioned it. As you know, it is a concern to all of us in the West. We appreciate the fact that the President's budget has the funding for the Secure Rural Schools program. We are concerned that it shifts it from mandatory to discretionary funding. I want to work with you to see if we can address that in the future. The concern is this, that school districts out there that depend on this and in some school districts it is like 50 percent of their funding, or even greater in some areas. They are planning now for next year and in negotiations with teachers and contracts and sometimes they do not have a clue what is going to happen, and before we did this reauthorization a few years ago in Congress, those numbers would go up and down and up and down and they had no certainty of what they

were going to do, how much they were going to have when they were doing their negotiations and so forth with teachers, so it created a great deal of havoc. We would like to see that in a more stable footing and more predictable footing, so I want to work with

you on that issue, and I know it is a concern to you also.

Integrated Resource Restoration—overall, the concept behind the IRR line item makes sense to me. That said, a number of groups are concerned that their specific needs, whether it be wildlife, watershed or timber, will not be met because their specific line item will have been deleted and put together in this package. How is the Forest Service going to ensure that all of these needs are met? I am pleased to see the proposed shift of \$86 million in non-wildlife urban interface hazardous fuels into the Integrated Resource Restoration line item, that \$86 million is put into that. In an October 19th press release, you discussed emphasizing mechanical treatment over prescribed burning with hazardous fuels to stimulate job creation. Any idea what percentage of the \$86 million is going to be spent on mechanical thinning rather than prescribed burns?

Mr. TIDWELL. Mr. Chairman, I will answer that last question first. It depends on the projects that will be developed for fiscal year 2012 but I expect the mix between prescribed burning and

mechanical will be the same it has been in the past.

You know, with the Integrated Resource Restoration, we listened to the criticism that we heard last year when we first proposed this, and I feel that we have addressed many of those concerns and primarily through continuing to have targets, the traditional targets for board feet, miles of stream improved, et cetera, and so each region is going to have a similar set of targets from what they have had in the past and then they will also have this BLI to be able to accomplish all of that work, and so we will be able to show you how we are performing. We will show you how you can hold us accountable. And at the same time, it is my belief that by my pursuing this that the agency can become more efficient in some of our processes and thus provide more people to be out there on the ground getting more work done, providing more jobs.

But I understand your concerns and the need for you to be able to do your oversight responsibilities and we need to work with you so we can satisfy your concerns and do this in a way that you can feel that you are holding us accountable, that we clearly can show how we are performing and that you can see what we plan to do at the start of each year so that you have the confidence that we are able to carry out our responsibilities in a way that you can then show the American public that you are holding us accountable.

Mr. SIMPSON. There is a tendency I think for Congress or any legislative branch of government to line-item things down more and more so that we kind of direct funding more and more, and I have always been one who thought that we were better off if we sat here and set goals of what we expect from the Forest Service with a certain amount of appropriations and allowed you the flexibility to use that how you could best achieve those goals and then next year when you come in we will hold you accountable for the goals that you have achieved or not achieved. That seems to me like this is kind of the direction that this is headed in to some degree even

though it causes a great deal of concern to some people who depend on those individual line items.

Mr. TIDWELL. Well, it does, and we appreciate your support in this arena and your thinking, and I understand the concern whether it is from the timber industry or for some of our wildlife groups that they want to make sure that we are doing the complete job and that we are not just focusing on any one portion of our mission. I do believe that by including the targets, and these will be targets that we distribute to the regions and there will be the commensurate amount of funding that will go with those targets, we will be able to show you that you will be able to hold us accountable and that we will be able to show that we are performing and that overall this will be a better approach. I understand we are going to have to be able to show you how, to the point that you feel confident as we can move forward.

But when I think about the work, the way the work is done in the field, we want to take a look at a landscape and decide what needs to occur out here, whether it is some hazardous-fuels reduction, whether it is forest health work, whether it is watershed work, whether it is fisheries, recreation, etc. And the more that we can just take a look at the landscape and then if everyone could come together working with our communities to decide what activities need to occur there to be able to restore these areas and then we have just one fund code to be able to fund the majority of that, it makes it easier.

Now, I will not tell you that we should not be able to accomplish this with our current budget structure. We can. But when I look at ways especially in these tough budget times that we are having and we need to be looking for ways where we can gain some efficiencies, this is one area where I believe we can gain some efficiencies without any additional costs because there are a lot of things that go on. I can remember in my various jobs that I used to do the same thing, that I would spend a lot of time tracking my part of the budget, whether it was wildlife or timber or hazardous fuels, and I had to make sure that we were getting X number of acres done and that we had X amount of money. And so when I would come to the table, I would make sure that my piece of the pie was taken care of. And then I spent a lot of time tracking that, and we are not talking about our budget staff, we are not talking about our accountants, we are talking about our foresters, our wildlife biologists, our hydrologists, our fire managers. They too end up spending a lot of time tracking the budget to ensure that we are accomplishing what you ask. And so one of the benefits of this is that we would free up our field folks, our biologists, our foresters so that they can focus more on that job and then allow the budgeting, which is so essential, to leave that to our highly skilled and specialized staff.

Those are some of the concepts behind it, and it is really to help internal efficiencies. That is what this is about. I know it is kind of a tough sell to you and also to so many of our partners and stuff because they want to be able to see it on paper. They also want to be able to support those various activities, and what we would like to do is not only continue that support but also continue support for more of a watershed-scale approach to doing all this work.

Mr. SIMPSON. What I would like to see one day, I guess one of my goals would be that we come in and actually have a budget hearing on what are your goals going to be this year—if we give you X number of dollars, what do we expect to see for that in the various categories whether it is wildlife management or forest health restoration or wildland fire suppression or whatever, what do we expect to see from that, and then next year during the budget saying this is what we gave you, this is what you said you would do, did you do it, and if not, why not, if you did better than that, great. Because to me, I do not want to be the manager of the forest system. That is why we hire you. So I appreciate the job you do. I know it is always difficult but it is always hard when from every legislative body I have served in legislature wants to get down into every—you know, you cannot hire four new personnel because we have a freeze on hiring when that might be exactly what you need to accomplish the goal that we have set out here. So I try not to get into too much management.

Mr. Moran.

SECURE RURAL SCHOOLS

Mr. Moran. Thank you, Mr. Chairman. Mr. Chairman, I am going to have to address a program that I am sure is near and dear to your heart but I have to provide the committee and this hearing with a different point of view, and that is the county schools program. It is a program that is now mandatory. It would expire this year. The Administration is requesting a new five-year reauthorization. The money would come from that dwindling 12 percent of our budget which is attributable to domestic discretionary programs and of course virtually all of them are under attack. This is \$328 million. It is coming from your Forest Service budget request but essentially it will be coming from all of our domestic spending and it goes for county school systems out of the Forest Service budget. Now, let me share the perspective of my constituents.

Mr. SIMPSON. Sure.

Mr. Moran. In my Congressional district, we have more people, almost 800,000 per district, than there are in some states, and I know that the cumulative amount of money they pay in to the federal treasury is substantially greater than what is paid by all the taxpayers in a number of states. Now, they want that money paid for national forests. In fact, one of the troubling things is, they want those forests preserved for future generations, same thing with BLM land, national park land and so on. They get very troubled with what they see as the extraction exploitation in a number of these forests. They probably would be troubled at the idea that one of the states that is represented by a member of this subcommittee gets \$1 billion a year from the Interior Department. I will not go into all the reasons for that.

But the fact is that they are having to cut back the money that they have available for the education of their children, and yet \$328 million is going to local public school systems out in the national Forest Service budget. Those counties that are getting this money had the economic benefits that came from excessive timber harvests of the 1970s and early 1980s, and now they are also having to pay for the restoration of those lands because of those past

excesses, and I think it is appropriate to ask, how much are we paying for the restoration of excessive clear cutting and the like through timber harvests of the past? I know my constituents are happy to pay for enhancements of forest health and water quality. I do not think that they are excited about paying for local school systems where they are having to cut back for the education of their own children. Can you address that? And the chairman may want to address it.

Mr. SIMPSON. Can I respond to it?

Mr. Moran. Yes.

Mr. Simpson. There is obviously a different perspective. Mr. Moran. Well, I should say.

Mr. SIMPSON. And-

Mr. MORAN. Where you sit is where you stand, understandably,

and it is our job to represent-

Mr. SIMPSON. How this started is those—and this is probably a discussion Chief Tidwell really does not want to enter into. But how this all started is that how much of the land in your district is owned by people paying property taxes?

Mr. Moran. Well, virtually all of it. Well, actually I take that

back.

Mr. SIMPSON. That would be the problem.

Mr. MORAN. We have got the Pentagon, we have got any number of federal agencies and we do not get taxes from that, but I under-

stand that because-

Mr. SIMPSON. You go to a county like Custer County, Idaho, that is 96 percent, I think it is 96 percent federally owned. That means 4 percent of the land is paying taxes to support the school system, the roads, the bridges, everything else that goes on in that county. When you come out and visit and get lost in our mountains, our search and rescue on the 4 percent paying for it comes and finds you. That is the problem. They do not have the resources and they do not have the ability to create the resources to pay for the public schools in some of these counties that are owned by the federal government, and as you said, people out here love to have these public lands out in the West. We like them too. We like public lands, frankly. But the problem is, you do not have the taxes to pay for them so there are several different programs that were set up. One of them was counties and schools get a share of the timber harvest that was created in that county. Well, that sustained the schools districts and the counties and the roads for many, many years. Now, you could say it was overharvesting or not, but those have gone substantially down. How do they make up for it? They cannot do it because 96 percent of the land is owned by the Federal Government. They cannot have industry come in. Where are they going to put them? There is no way to pay the property taxes to make up for that. And that is the difficulty. When you love the public lands in the West, you also have to pay for them.

Mr. MORAN. Mr. Chairman, most of my constituents are never going to visit the public lands in the West but they like the fact that they are there. They know it is the right thing. They know that it is an appropriate use of their tax money. But most of my constituents also share the feeling that I have, and I will be very candid: this fierce anti-Federal Government attitude on the part of the very people who are so dependent upon a government being responsive to those situations, and as long as that fierce anti-government attitude prevails, I think the idea of our funding local public school systems with federal money that most people do not know about I think it is a legitimate subject to bring up.

You know, we want to protect our environment, we want our money to be used for that purpose, but I have to say in the interests of transparency, some of these programs I think need to be publicly debated. I certainly understand your point of view and frankly, I do not want to be debating you because you are reasonable. Well, you are, and I think you have done a very good job in terms of this Interior bill but these are issues that need to be considered from a national perspective and—

Mr. SIMPSON. Well, there was a suggestion just the other day at a meeting I was at, and this was by Easterners actually, at least the individuals making the comments, and you know, pay off this national debt, sell some of those public lands in the West.

Mr. MORAN. I know that. That is the attitude they have, and frankly—

Mr. SIMPSON. I do not favor that.

Mr. Moran. No. In the long run, I do not think that is in our national or local interests of the states. But I raise it because you mentioned it, and without a response I think the assumption would be that there is full support of this. I think this is an issue that bears further discussion. I understand it is a controversial one. I understand we come from very different perspectives, different constituencies, but I think it is an issue that bears further discussion, particularly when it is going to be coming out of other domestic discretionary programs.

Mr. SIMPSON. I understand that, and we are willing to discuss it and certainly have discussed it over the years and will continue to discuss it. There are a number of programs, whether it is PILT payments, Secure Rural Schools or those other things, that are supposed to help make up for the fact that, as I said, states in the West that are substantially federal lands do not have the resources and the ability. In fact, if you looked at the amount of money funding it—Rob Bishop from Utah has probably the best map on this—The funding of public schools in relationship to the amount of public lands that those states have, it is amazing that the lack of funding directly tracks those states that have public lands, and it is just a reality.

That was best probably not to get involved in that discussion. Did you have something else?

Mr. Moran. Well, you know, just one further comment. We used to have this program where the school system would be funded proportionate to the federal presence. What was the name of that? Impact. Thank you.

Mr. SIMPSON. We still have Impact Aid.

Mr. Moran. Well, but we cut back severely. We do not get any of that anymore. It was a program consistent with this program but that was eliminated.

Mr. SIMPSON. That did not deal with public lands. That dealt with if you had air base or something like that.

Mr. MORAN. It dealt with federally owned land that you were compensated for because it was a payment in lieu of taxes basically.

Mr. SIMPSON. But that only dealt with the small like air base or a federal reservation, an Indian reservation or something like that. It did not deal with the 2 billion acres of land.

Mr. MORAN. Okay. I am not going to pursue it any further. I think you understand that—

Mr. SIMPSON. I do.

Mr. MORAN [continuing]. We will have further discussion, and I think we have taken the chief's time a good deal up. My very distinguished colleagues may have further questions.

Mr. Lewis. We do not have easement to sell those lands.

Mr. SIMPSON. Well, I know that. I just found it quite it interesting. I do not want to sell them either.

Mr. MORAN. And I do not want to.

Mr. SIMPSON. In fact, you will find that most Westerners like public lands. It is how we access hunting, fishing, everything else, the recreation that we do out there. We live there because we love our public lands. We sometimes have some complaints about the land managers just as you have complaints about your neighbor, and that will always be the case and it is not an anti-government mentality that you would suggest, it is how can we do it better.

Mr. Moran. Mr. Chairman, for 60 hours we debated so many amendments that were inspired by an anti-government attitude. All those environmental riders, it was this almost vehement attitude with regard to the Federal Government, and that is what inspires my reaction to the role that the Federal Government plays, particularly in terms of paying for local public school systems. It is tough to take the money and bite the hand that is providing it. That is all I am saying. But I am not going to pursue this any further.

TRAVEL MANAGEMENT

Mr. SIMPSON. I would just disagree with one comment. Being anti what the government is doing is not being anti-government. You can change directions of what the government is doing or think it can do it better or be concerned about things that are happening with the government. That does not mean you are anti-government.

As an example, and it is the last question I was going to ask, the travel management plans, as I said in my opening statement, I do not believe that eliminating travel management plans is the correct answer. There was obviously an amendment to H.R. 1 dealing with a specific area. In some areas, it had worked well. In other areas, it has worked not so well. Is that, in your opinion, because of the difficulty and the complexities that are unique to certain areas where it is having difficulty or is it the personnel that do not have the ability to, I guess, bring together people like they do in other areas to develop a management plan?

Mr. TIDWELL. Mr. Chairman, in many cases it is the set of circumstances that occur on that local forest, whether it is specific issues with the need for us to recover threatened and endangered species, additional concerns with municipal watersheds. And so

often there are additional factors that have to be considered. Where we have been successful is when everyone is willing to come to the table, and that is the motorized community and the non-motorized community, that they can come together, and what we try to do is create that environment and help facilitate those type of discussions so that folks can kind of find those areas of agreement and

then we can move forward with implementing that.

I mean, there are certain resource conditions that we will take care of, and we just have to-and in most cases there is strong support for that, but then some of these situations that seem to be so contentious, then it gets down to how much is going to be available for motorized recreation and how much is available for non-, and even though after we solved all the resource issues, you still have the social issue you have to deal with, and those are the ones that seem to give us some of the most difficulty. And when I look at those and it is easy to step back and be able to look at them from where I am sitting and I can say well, you know, people should come together and work out some compromises and work together on these issues, and at the same time I also understand the complexities of this, and so I do believe that what we are trying to do is the right course. I do think it is the very best chance to have sustainable motorized recreational opportunities, which are very important not only to the user but to the economy. There are a lot of economic opportunities that come from that. We can manage it in a way that there are very few adverse environmental effects that are easily mitigated and primarily through a system of trails and roads that are well positioned on the landscape and that we can maintain. That is another one of the challenges we have, that we have to look at what is sustainable.

And so you may have a situation where yes, the resource could handle another 100 miles and it is not like we do not have a lot. I mean, our road system is 375,000 miles of road, and that is just our roads, and you add all the motorized trails on top of that. But we also have to do in a way that is sustainable because if we are not doing it, then we allow these activities to continue and then we run into—we kind of build opposition because folks are out there and they do not like to see the dirt in the stream. They do not want to see the impacts to the fisheries. They do not want to see the impacts to the municipal watersheds. And so that is the other thing that brings a challenge because folks will look out there and say well, by just doing this, building this bridge, you know, we can have another trail here but part of our job is to ensure that is sustainable, and that is the sort of thing that also just adds to the controversy.

And at the same time, there are thousands of people that are willing to roll up their sleeves and come together and work, and I just marvel at the places where the non-motorized and motorized communities come together, and where one group did not want the trail in its location but they still needed a trail, it is the non-motorized community that is out there that is building that new trail for the motorized folks to be able to go on it and then at the same time the next weekend they are out there together decommissioning a road, for instance. That is where we solve this, and it is going to take more time but I think we can get there. I can understand the

concern and the controversy but not allowing us to go forward with this planning is not going to be helpful to the motorized community in the long term.

Mr. SIMPSON. Do other Members have questions?

CLIMATE CHANGE

Ms. McCollum. Yes, Mr. Chairman. First, I am boldly going to go right in the middle of the previous discussion. We need to increase Impact Aid. We need to work on PILT, and Rural Schools and that. Minnesota, our state house, if we do not have those payments coming in, whether it is PILT or Impact or whatever other program, we have to make up for it. And we have national forests and we are very proud of them, and we love them, but they do have consequences and effects.

I wanted to ask a question on climate change because in some of the other budgets—and the chair has been asking some very thoughtful questions on it too—line, there has been discussion on what is going on with climate change, and I know because of the unique place where Minnesota sits where we have prairie, forest, everything else, we are already starting to see of the impacts of climate change. I know our forestry council is very concerned about that. Could you maybe just tell us a little bit where you fit in with the whole climate change debate and how you are kind of watching what is going on? Are you working with universities? And this goes to my other question about is it embedded in other parts of your budget, but we cannot see where it is because of what you have done to my point about what happens with international forestry? Chief.

Mr. TIDWELL. Well, thank you. You know, we are very fortunate, and I am not speaking of the agency, I am speaking of the Nation, that our forest research and development staff are scientists that have been looking into the effects of a changing climate on vegetation and on the ecosystems for close to 30 years, long before anyone ever coined the term, and we are very fortunate that the folks had the foresight and that you provided the resources for them to be able to pursue that. And so when it comes to the issue of climate change, our focus is on understanding how this is affecting the ecosystems. We do not study climate change. We understand the effects on the ecosystem, and that is where our resources have always been focused on and that is what kind of drives that.

So when it comes to climate change, it is a big piece of our research and development budget, and that if you ask us to kind of tease that out for between 2010 and 2012, there is a slight reduction of funding just like there is in almost all of our programs, but it is not a separate program. It is what we do, and so we are focusing on using our research scientists who work in conjunction with our universities very closely. It is one of the things that I am stressing and they have been doing a good job to not only look at and understand what we are doing but also what the universities are doing and what the other agencies are doing to make sure that we are not duplicating efforts, because this is one area that there is a lot of new interest in it and some expanding opportunities, and it is important that we look at all of that. And so that is one of the things that I ask our leadership and our research organiza-

tions, to make sure that we are factoring that in so we can determine where are the true gaps and we are not just duplicating research. But our focus is on using the science so that we can understand how we need to adapt our management to address the changes and then also how we can mitigate where we have those opportunities. So in this case, it is not a separate program. It is

really just about everything that we do.

The challenge that we have and where we are focusing is to make sure that our managers understand the science, they understand the things they need to be thinking about. It is a key part in our proposed planning rule. You will see the effects of climate change is mentioned in there numerous times to ensure that in our future planning, we are really factoring in the changes in the environment. You are seeing them in your state and we are seeing them throughout the country, and sometimes, depending where you are, there is going to be a larger change than others but there are definitely things that are going on. Often it is just to understand that when you are designing a road, the size of the culvert that you should put on that road, we need to understand that because of the changes, the frequency of disturbance events and how the climate has changed and some of the weather patterns, that we need to just put a larger culvert in. It may just be that simple.

On another extreme is what we are seeing in some of our vegetative types is where we are seeing pests and insect and disease activity occur that we have never seen before because of the change in the environmental conditions, and how do we address that? How does our management need to change? So those are the things we want to continue to work on but it is just an essential part of our

programs.

Ms. McCollum. Thank you.

Mr. SIMPSON. Mr. Hinchey, do you have something else?

ALTERNATIVE ENERGY

Mr. HINCHEY. I just want to compliment you again and say the important things that you talked about, for example, more restoration activities, things that have to be involved in, how you talked about water protection and the need for water protection, and in the context of water protection, of course, it is going to be even more different in the situation of climate change that you are now facing. So all of those things are very important and we really need to work together to make sure that this situation moves forward. I deeply appreciate what you are doing.

And one other thing, energy. Alternative energy is another issue that you may have some interest in in the context of the energy needs that you have across this big operation and most of the places in this country. So if there is anything you want to say

about that, terrific. Otherwise just thank you very much.

Mr. TIDWELL. Well, thank you. I would like to mention, you mentioned water. We have increased our emphasis on water, and it always has been one of the foundations of the U.S. Forest Service to ensure that we are providing clean, abundant flows of water. It goes right back to the Organic Act. One of the reasons that the Forest Service exists, one of the reasons for the Weeks Act, for the national forests we have and the eastern southern part of the country

was focused on water, and so it is kind of just to increase the emphasis there because it is so important. So many people in this country rely on the water that comes off our national forests and

grasslands.

On energy, we are increasing our focus on renewable energy. We will continue to do our work with the more traditional oil and gas industry but when it comes to solar opportunities, wind, hydro, geothermal, those are kind of the four areas we are increasing our work and we want to make sure that as opportunities and proposals come to us that we are able to quickly respond to those and so we are working on this set of directives. We are doing some analysis, and there is about 99 of our units throughout the country that have the potential for some type of utility-scale renewable energy. That will not occur everywhere but we do know that there are more opportunities out there and it is one of the things we want to be ready for as proponents come to the table and want to pursue some of these opportunities.

Mr. HINCHEY. Thank you very much.

Mr. SIMPSON. Thank you, Chief, for being here today and for

your testimony.

For those who may not understand, Mr. Moran and I are actually pretty good friends and get along well, and I often say to people out in the West that oftentimes the debates that go on here are not really between Democrats and Republicans, oftentimes they are East-West debates where most of the public lands are west of the Mississippi, most of the private lands are east of the Mississippi, and while we in the West expect Easterners to try to understand the unique situations in the West, we have a responsibility to also understand some of the unique situations that exist out here in the East and working together, and Jim and I have talked about a lot of these issues before. So in spite of our disagreements sometimes, that is how you learn things. So I appreciate you being here during the testimony today and for the informal discussion that went on also.

Mr. MORAN. Well, and if I could, Mr. Chairman, you represent your constituency extraordinarily well and I hope all of your constituents are aware of that, and I think it was an appropriate discussion and I share your reaction to Mr. Tidwell's testimony. It was superb, and we thank him and Ms. Atkinson. Thank you.

Mr. TIDWELL. Thank you. Thank you for your support.

Mr. SIMPSON. Thank you, and thanks for the work the Forest Service does and the great employees that are out there on the ground.

NOTE: THE FOLLOWING QUESTIONS FOR THE RECORD WERE SUBMITTED TO THE US FOREST SERVICE ON APRIL $7^{\rm TH}$, 2011. AS OF JUNE $15^{\rm TH}$, 2011, THE DATE THESE TRANSCRIPTS WERE SUBMITTED FOR PRINTING, THE FOREST SERVICE HAS NOT PROVIDED A WRITTEN RESPONSE.

Hearing Questions for the Record (QFR) Prepared for the US Forest Service, FY 12 Budget Oversight Hearing Friday March 11, 9:30am Rayburn B308

Questions for the Record from Chairman Simpson

Idaho Grazing Permits

Last year the Payette National Forest made a formal decision to end sheep grazing on a number of allotments because of concerns about possible impacts of domestic sheep on wild bighorn populations.

Simpson Q1: What research is being done by the Forest Service or USDA to provide the sound science needed to address this issue going forward?

Simpson Q2: When asking questions about the potential conflict with domestic sheep and bighorn sheep, Forest Service employees have state that the science on this issue is 'settled'. Please explain how the science is settled and what peer-reviewed scientific studies support the agencies position.

Simpson Q3: What efforts are being undertaken to produce a vaccine that would mitigate any impacts in the domestic-wildlife interface? Is this an alternative the Forest Service is considering?

Simpson Q4: Is the Forest Service working to find alternative grazing allotments for those impacted by this decision?

Cost Recovery Fees

In 2006, the Forest Service finalized regulations that allow them to recover costs for the processing and monitoring of special use permits, including those that are issued to outfitters and guides. The Forest Service has indicated that it implemented its cost recovery regulations in order to better coordinate with policies that the BLM has been using for a number of years.

When we spoke to the BLM, however, they indicated that the cost recovery structure they use is entirely different.

Simpson Q5: Why did the Forest Service decide to implement cost recovery, and why did it choose its current system, rather than one similar to the BLM's?

Cost recovery regulations are confusing because outfitters are exempt for the full cost of permits that require less than 50 hours of work but must pay the entire cost of permits that require more than 50 hours of work. Outfitters have no control over how long it will take to do the analysis necessary for their permits, and, since monitoring work after the permit is issued is included, they can even be subject to paying the fee if the original analysis is under 50 hours but additional work later pushes it over 50 hours.

Simpson Q6: Is the 50-hour rule required by law, or is it part of the regulations?

Simpson Q7: Why did the Forest Service decide to charge outfitters the full cost of processing that goes over 50 hours rather than providing an exemption for the first 50 hours?

Simpson Q8: What are potential solutions to this problem?

Secure Rural Schools

Simpson Q10: Please explain the changes to the Secure Rural School's program as proposed in the President's FY12 budget.

Forest Restoration Projects

On the Payette National Forest, the Forest Supervisor identified 100,000 acres needing treatment and asked the community and stakeholders to help plan the projects.

Simpson Q11: Are you encouraging all Forest's to undertake this type of effort? What are you doing to nudge inactive forests towards action?

Simpson Q12: What is your largest impediment to implementing more of these types of projects?

The Western Governors Association just released Forest Health Landscape-scale Restoration Recommendations.

Simpson Q13: What is the Forest Service doing to work with the WGA to implement their recommendations?

Simpson Q14: Specifically, how are western National Forests incorporating this into their management?

Integrated Resource Restoration

Overall, the concept behind the Integrated Resource Restoration line item makes sense. That said a number of groups are concerned that their specific needs—whether it be wildlife, watersheds or timber, won't be met because their specific line items have been deleted.

Simpson Q15: How is the Forest Service going to ensure that all of these needs are met without dedicated line items?

I'm pleased to see the proposed shift of \$86 million of non-wildland urban interface (WUI) hazardous fuels into the Integrated Resource Restoration line item. In an October 19th press release, the Chief emphasized mechanical treatments over prescribed burning with Hazardous Fuels funds to stimulate job creation.

Simpson Q16: What percent of the \$86 million will be used for mechanical thinning, and how much could that percentage be increased?

Simpson Q17: Since most WUI hazardous fuels treatments are mechanical, why wasn't the WUI Hazardous Fuels funding also shifted to the Integrated Resource Restoration line item?

Simpson Q18: Would you please provide a comparison of the 2010 budget line items and where those dollars are put into the IRR pool in 2012?

Simpson Q19: How will the Forest Service measure the increased efficiency of IRR (if any)?

Simpson Q20: What kind of projects can be expected from the \$80 million in Priority Watershed and Jobs line item? How quickly would the Forest Service be able to evaluate, fund, and implement Priority Watershed and Jobs projects?

Simpson Q21: Is Collaborative Forest Landscape Restoration and Priority Watershed funding new money, or is it part of the shift from current programs to new programs?

Simpson Q22: Do you anticipate that CFLRA and Watershed dollars will result in additional forest products outputs, or is this amount embedded within the 2.6 bbf target?

Simpson Q23: What quantity of forest products resulted from CFLRA projects implemented in FY 2010?

The Forest Service's forest products target was increased for FY12 (from 2.4 billion board feet to 2.6 billion board feet); however, it is still far below the annual growth of the forest, and far less than needed to meet on-the-ground forest management needs such as reducing risk of catastrophic fires and responding to bark beetle epidemics.

Simpson Q24: How much funding would it take to address high priority areas at risk to catastrophic wildfire and insects and disease?

Simpson Q25: On that note, how much funding would it take to treat all the areas currently needing treatment with reasonable accessibility (i.e. already roaded, non-wildnerness, etc.)?

The President's 2011 Budget proposed implementation of a streamlined 'objection' process as part of Integrated Resource Restoration through which administrative challenges to project decisions would be heard under established timelines, in order to advance projects expeditiously. However, the Administration did not follow-up with detailed language to implement an 'objection' process. Now, the President's 2012 Budget does not mention a streamlined 'objection' process for project decisions.

Simpson Q26: Would a streamlined 'objection' process allow the Forest Service to operate more cost-effectively than the Administrative Appeals process that has been in place since 1992?

Simpson Q27: Would this process also be helpful for other Forest Service actions?

Simpson Q28: Will IRR funds allocated to Regions/Forests have a timber volume target associated with them?

The budget proposes reductions to state and volunteer fire assistance, forest health management and other programs. Per OMB, these reductions reflect efficiencies made through the Integrated Resource Restoration Line item.

Simpson Q 29: Is there any connection between the proposed IRR account and programs funded under State and Private Forestry?

The Forest Service has adopted an "All Lands" landscape scale approach to address the insect, disease, and wildfire risk to productive forestlands on the National Forests. Yet, both last year and this year's 2012 Budget Proposal calls for substantial reductions to Forest Health Management–Fed. Lands and Coop Lands (-\$6.3 million); State Fire Assistance (-\$5.9 million); and Volunteer Fire Assistance (-\$7 million).

Simpson Q30: What will be the effect of the proposed reductions?

Simpson Q31: Given that these funds are the heart of incentivizing private and state land restoration and other important partnerships, please explain how you incentivize an "All Lands" approach with these cuts?

Simpson Q32: Does the proposed \$79 million reduction in the Roads Program eliminate engineering support funding needed to accomplish vegetation management projects?

The performance standards included in the budget are: 2.1.a Increase the forest products target from 2.4 bbf (2011) to 2.616 bbf (2012); and, 2.1.b 2.7 million green tons of by-products (obtained by permit, contract, partnership, etc.)

Simpson Q33: Why isn't the 2.7 million green tons of by-products a target just like the forest products line target of 2.616 bbf?

Simpson Q34: What would it take for the Forest Service to meet a target of 3 bbf for forest products?

Simpson Q35: Does the Forest Service want to increase biomass outputs, and, if so, how will that be possible without an increase in target and budget, or a reduction in traditional outputs?

Simpson Q36: What is the Forest Service doing to encourage Regions to meet their targets?

Litigation

Simpson Q37: Is the Forest Service tracking the dollars it spends on Equal Access to Justice Act?

Simpson Q38: Is the Forest Service tracking its overall costs of litigation (including staff time and resources)?

Simpson Q39: How does the Forest Service pay these fees?

Simpson Q40: Why is this not incorporated into the budget?

Simpson Q41: How do we reduce litigation on public lands?

Government Accountability Office & Inspector General

The GAO and USDA IG recently testified on management challenges at the Forest Service. One disturbing problem they brought up was the aging of the workforce at the Forest Service and recruiting and retaining staff—especially fire fighters.

Simpson Q42: What is the Forest Service doing to address this problem?

The GAO and IG also mentioned the future lack of Incident Commanders and the extremely long training time for IC's (on average 23 years).

Simpson Q43: What is the Forest Service doing about this problem?

Cohesive Strategy

Simpson Q44: What's the status of the cohesive strategy and when can we expect the Phase II report?

Air Tankers

Simpson Q45: What is the current status of the Request for Information the FS issued last year requesting information from heavy airtanker contractors on potential for next generation aircraft to come online in 2012?

Simpson Q46: Will this heavy airtanker Request for Information become a Request for Proposal in the near future?

Simpson Q47: Given the current budget constraints are these C-130J aircraft still an option?

Simpson Q48: What are the most important criteria by which you will judge a new, modern platform?

Simpson Q49: How will you make the decision to contract new platforms?

Simpson Q50: Who has the final decision on what air tankers are approved for contract and what is that decision based upon?

Simpson Q51: Assuming airworthiness of any new platform is the most important criteria for approving a new platform, does the Forest Service have an "engineer of record" who can certify airworthiness has been met?

Simpson Q52: Given the current realities of constrained budgets does the foreseeable horizon mean that modernization of equipment including heavy air tankers and acquisition of new equipment must also meet cost-containment or even cost-reduction goals?

Simpson Q53: If vendors offer to modernize their fleet with newer, more efficient equipment, and maintain them in the future with sufficient capital investment, would the Forest Service reject that approach?

Simpson Q54: Isn't some redundancy in the aerial firefighting fleet prudent to avoid a fleet-wide shutdown if uniform aircraft type is found to be deficient for any reason?

Simpson Q55: Given that a more agile and modern tanker fleet is essential to meeting strategic wildland firefighting needs, is there an increasing need for rapid and load efficient aerial responses to fires?

Simpson Q56: If airfield flexibility is an important component to a strategic aerial response, shouldn't the Forest Service include that in its consideration of maintaining fleet diversity?

Simpson Q57: In assessing efficiency and cost-effectiveness, do you look at retardant delivery cost/flight of the equipment?

Simpson Q58: On May 4, 2010, the large airtanker strategy report that the Forest Service has been working on for years was released as part the long-awaited "Interagency Aviation Strategy." The strategy recommends that, in order to best serve the needs of the wildland firefighting community, a core fleet of twenty-five large fixed wing airtankers is needed. The experts who developed the strategy identified the Hercules II C-130J as the preferred aircraft for this purpose. Is that correct?

Simpson Q59: Would the advanced avionic that the C-130J aircraft carry allow night flying missions that would address some of the concerns raised about the response to the Station Fire?

Simpson Q60: The current fleet of large airtankers is aging rapidly. The Department's Office of Inspector noted last summer that individual aircraft will begin to need to be retired for safety reasons within a few years. Do you agree with that assessment?

Simpson Q61: Can you provide the Committee with the figures of the remaining operational service life of each of the large airtankers currently in the fleet?

Simpson Q62: In 2004, the Forest Service grounded the large airtanker fleet for half of the fire season to develop better safety protocols. Backfilling with helitankers and heavy lift, type 1 helicopters added \$80 million to that season's aviation costs. If you reconfigure your current fleet to use these types of helicopters after the large airtankers are retired, how much would that approach add to your annual aviation costs?

Simpson Q63: The large airtankers are primarily an initial attack resource. Eighty-five percent of your annual fire suppression expenses are consumed by the roughly 2% of the fires that escape initial attack and become expensive, large incident fires. Without large airtankers how would your initial attack success rate change?

Simpson Q64: Since the release of the NTSB report in 2004 and the Forest Service's response to NTSB's recommendations, it has been a known fact that the imposition of an operational service life on the large airtanker fleet would result in the current aircraft eventually being retired from active service. How quickly has the industry moved in the ensuing 6 years to bring newer aircraft models into the fire fighting mission to replace the existing large fixed wing airtanker models?

Simpson Q65: At the end of the large airtanker strategy, you provide a list of options for the purchase, ownership, and operation of a fleet of new large fixed wing airtankers. One or more of these options will be fleshed out in the forthcoming Air Force/Forest Service strategy requested in the FY 2010 Defense Appropriations bill. When will that strategy be completed and submitted to Congress?

Simpson Q66: In addition to this report, will you provide the Committee with an analysis of the strengths and weaknesses of each of the options listed at the end of the large fixed wing airtanker strategy?

Bark Beetles

According to the discussion of the Bark Beetle Infestation (contained in the budget justification) in the West bark beetles have killed or damaged 41.7 million acres of forests since 1997, and "the outbreak is expected to continue over the next five to ten years, potentially damaging the majority of the Nation's western pine, fir and spruce forests." According to page 16-11, the Forest Service proposes to spend \$101 million in FY 2012 in response to the bark beetle epidemics. However, it appears that funding is simply being shifted from other programs, instead of new money.

Simpson Q67: Given the massive size and intensity of the bark beetle epidemics, how can you adequately fight the beetle epidemics by taking funds from your ongoing program funding?

Simpson Q68: Do you have a national strategy for responding to the bark beetle epidemics, for getting ahead of the beetles, and for funding that work?

Simpson Q69: With funding extremely limited, how is the Forest Service looking at maximizing its dollars to get as much work done as possible with the least amount of funding?

Wildland Fire Management

Simpson Q70: Why doesn't the budget proposal require fire crews to do hazardous fuels work and help accomplish fuels targets?

Simpson Q71: In the out year planning being done under Fire Program Analysis (FPA) is private industry being considered as any of the potential fire fighting assets?

Simpson Q72: In most cases it seems that private sector assets are more cost-effective than the FTE crews the Forest Service considers in their planning efforts. Does the Forest Service agree with this statement?

Simpson Q73: The GAO 11-423T report showed a lack of information related to private industry and their role in wildland fire management—both fuels management and suppression. How is the Forest Service partnering with the private sector and including them in your workforce planning activities?

Simpson Q74: For both fiscal years 2011 and 2012, does the USFS intend on hiring more seasonal employees or using more of their call-when-needed contracted resources? Which resource is more cost-effective?

Simpson Q75: In the budget for FY 2011 and proposed FY 2012, what are the overhead rates used for the Preparedness, Suppression, and Hazardous Fuels line items?

The USFS has indicated they will not reimburse helicopter operators for Federal excise tax associated with transporting passengers and cargo. The USFS does reimburse for its fixed wing aircraft and the Department of the Interior does it for airplanes and helicopters.

Simpson Q76: Is this something the USFS budgets for? If it is included in this year's budget, given last year's mild fire season is the USFS considering reimbursing operators for the tax incurred last year?

Over the past few years the USFS has continued to place less dependency on the helicopter Call-When-Needed fleet. This is having, and will continue to have a negative effect on those operators providing these services. This policy has resulted, and will continue to result on fewer aircraft available. Ultimately, there will be a severe fire season.

Simpson Q77: Has the USFS done an economic analysis of the loss of these aircraft in the event of a severe fire season?

Simpson Q78: If it is the USFS's intent to maintain this fleet, how are they ensuring the viability of these aircraft in helping to maintain a stable resource, ultimately helping to ensure less funding fluctuations over periods that include severe fire seasons?

Simpson Q79: Based upon the cost figures from the past several fire seasons, it appears that every 0.1% improvement in initial attack success rate would save about \$110-120 million in suppression expenses. Is that correct?

Forest Conservation

Simpson Q80: Other than the competitive process, how will the state forest assessments and strategies be used in the future to develop budgets for Cooperative Forestry programs?

Simpson Q81: We are told that the reduction in the Forest Service Forest Inventory and Analysis Program will interrupt inventory cycles and the levels of data collected. How does the agency propose to deal with those disruptions?

Questions for the Record from Ranking Member Moran

HR1-House Passed- Forest Service Transportation planning stoppage

The full year CR, HR-1, that passed the House, included a dump truck load of antienvironmental riders. During Floor action a couple of amendments were considered affecting the Forest Service. In one case, thanks in part to the support of Chairman Simpson, an amendment was defeated that purported to cut funding for the International Program. In the other case, an amendment by Mr. Herger was passed that stops the Forest Service from managing its roads.

Moran Q1: Chief, can you please talk about your off road vehicle road management and your road system, and the impacts of this amendment if, perish the thought, it were implemented?

Moran Q2: It seems like the Forest Service has been talking for years about having comprehensive forest transportation plans so they know which roads should be saved and which removed, and where people can travel with off road machines. Why isn't this done yet? When will you get it done?

Moran Q3: Some of the anti- environmental riders in HR-1 were not aimed at you, but since they apply to all agencies of government, they may never-the-less have an impact on your work. For instance, could the limitation on Chesapeake Bay activities affect the Forest Service efforts to work on improving Chesapeake Bay?

Moran Q4: Given the operational funding cuts in HR-1, do you have any feel for how this could affect the hundreds of gateway communities all over the country that depend on tourism, and hunting and fishing on the public lands? Will there be impacts on rural jobs and on local jurisdiction's ability to collect revenue?

Continuing Resolutions and Management difficulties

Moran Q5: The Forest Service is still operating under continuing resolutions. Can you please provide a brief description of some of the difficulties this creates, and include a summary, by major program area, of impacts on your ability to manage your responsibilities, engage in contracts, and hire summer temporaries?

America's Great Outdoors

I am very interested in the President's America's Great Outdoors initiative. As you noted, the outdoor industry supports 6.5 million jobs and the Forest Service plays a major role in this.

The Forest Service is a big player. The Federal land acquisition program has a 41% increase to a total of \$91 million. I hear from some persons that we shouldn't buy more land when we can't afford to take care of what we have, and the Forest Service still has a huge deferred maintenance backlog.

Moran Q6: Why do you feel this federal acquisition is important? You aren't talking about buying new national forests are you?

Moran Q7: Does your land acquisition program focus purchases on inholdings, which can increase management efficiency, while also protecting sensitive areas of high interest to the public?

Moran Q8: The request for the Forest Legacy program is up 78% to a total of \$135 million. Why is this request so important, and why is the Forest Legacy program given such a large increase?

Moran Q9: I understand that the Forest Legacy program usually involves conservation easements, which seem to be more popular with my Republican friends here than purchase of lands. How much demand is there for Forest Legacy grants? How much conservation do you think you will accomplish if you are funded at the request?

Secure Rural Schools

The County timber payment, or Secure Rural school program, is a mandatory program which expires this September (9/30/11). The Administration is proposing a 5 year reauthorization with funding coming from discretionary rather than mandatory funding as has always been the case. The Forest Service budget request has reduced programs in order to come up with an additional \$328 million that could be used to pay off counties, primarily in the west.

Moran Q10: Chief, isn't it strange that you are taking on this responsibility to pay for county services?

Moran Q11: What is the backlog in deferred maintenance at the Forest Service? What funding is required every year just to keep the backlog from getting worse?

Moran Q12: Chief, the taxpayers of my district, and there are more of them than are in some States, are paying for the upkeep of the national forests, but why should they pay certain counties?

Moran Q13: These counties had the economic benefits that came from the excessive timber harvests of the 1970s and early 1980s, and now we also are paying to do restoration because of the past excesses. How much of your budget request is for restoration activities?

Moran Q14: Why the proposed change from mandatory to discretionary appropriations? How will the changes proposed by the Administration alter the allocation of funds to communities to achieve the enhancements in forest health and water quality?

Integrated Resource Restoration

Yesterday we heard from the GAO that the Forest Service has a persistent problem with performance measures not being in place or not being used effectively. The new Forest Service budget proposal once again includes a major budget restructuring in which many of the main programs are lumped into one huge, new account, Integrated Resource Restoration (IRR). This will make it a lot harder for the public and the Congress to track what you propose to do, and what you actually accomplish.

Moran Q15: How are you going to deal with this situation?

Moran Q16: Since you have had performance and monitoring problems for many years, and still have them, why should the Congress now believe that there will be accountability if this bigbudget pot is approved?

Legacy Road and Trail Remediation

I am encouraged by the Chief's and the Secretary's speeches about enhancing water resources and watershed restoration and I note that you have moved \$75 million out of Capital Improvement and Maintenance for the Legacy Road and Trail Remediation program.

As you know, former Chairman Dicks and I are very interested in Legacy roads because we see that in many, many forest areas the over-building of logging roads in previous decades is having the most harm to the watersheds. So removing these excessive roads is a priority.

Moran Q17: Will you keep this road decommissioning and Legacy roads as a key part of your restoration agenda?

Moran Q18: Your road maintenance budget is way down. It is reduced overall by \$79 million. Doesn't this mean that your massive road system will fall apart even faster? What level of road maintenance funding is needed to keep the roads in place and not erode or collapse into streams and rivers?

International Forestry

I have seen that the small, \$10 million International Forestry program does tremendous good work. This work helps foreign forests, but it also provides us with knowledge about pests that can come to our country, and it assists our forest industries and conservation efforts of our migratory species. But the budget request eliminates funding for it. I urge you to reconsider this mistake.

Moran Q19: Why are you reducing this program?

You claim that you can use other program funds to do International projects. I really don't understand that kind of budgeting, and I have been an agency and Congressional budget staffer.

Moran Q20: Explain this situation.

Urban and Community Forestry

I am pleased to see that you have a small increase for the urban and community forestry program in your State and Private forestry program. I have met many community activists that have used this funding stream to do wonderful forestry projects where people live in Virginia.

Moran Q21: Tell me about the competitive grant program you are planning with this increase.

Community Forest and Open Space program

I see that this new program is given \$5 million as part of your America's Great Outdoors initiative. I have long advocated similar grant programs within other agencies.

Moran Q22: How will this program work and will you coordinate with the Park Service stateside park and recreation program or other state and local efforts?

Wildland fire suppression and FLAME fund

Moran Q23: I see that your budget request includes a proposed rescission of \$192 million. How did you come up with that figure?

Moran Q24: What is the total fire suppression funding situation, including carryover, at the Service and how does it compare with projected needs for FY 2011 and FY 2012?

Moran Q25: The FLAME fund has been active for a year now. How is it working? Do you think that it is accomplishing its goals?

The GAO testimony reminded us that the Administration has yet to submit the Cohesive Wildland Fire Management strategy that was required by section 503 of the FLAME Act of 2009.

Moran Q26: Please explain why this is not done yet and when you expect to get it done. Why is it important for the federal and state wildland fire fighters to have such a cohesive strategy?

Hazardous Fuels and wildfire risk reduction

In the past you have said that hazardous fuel reduction activities within the wildland urban interface are extremely important in order to reduce the risk of wildfires and damage to communities and watersheds. Your proposed budget reduces this by \$9 million with another \$77 million transferred to the new, big pot account in the National Forest System.

Moran Q27: Given the bark beetle problem and the ongoing wildfire danger posed to rural communities, how does the Service propose to minimize fire risk with a reduced hazardous fuels reduction budget?

You have really altered your funding request for Hazardous fuels reduction projects. Besides moving \$75 million for hazardous fuels type projects to the new Integrated Resource Restoration activity within the National Forest System account, you also allocate hazardous fuels funds for biomass grants and \$15 million for a forest biomass for energy technology program. I don't know how we can compare the funding request with past allocations.

Moran Q28: Please explain all of thee moving budget pieces?

Moran Q29: Is hazardous fuels reduction still a priority?

Moran Q30: Why are you putting these grant programs within this operations account?

Other National fire plan hazard reduction activities are reduced 40% from the enacted level. The State Foresters, some of your major partners, are very concerned. This includes reductions of 44% for Federal and state forest health, 36% for state and volunteer fire assistance, and total elimination of the rehabilitation of burned areas activity. Fire science efforts are reduced \$3 million, an 8% reduction. My staff were told by your staff that the bark beetle situation is now past the stage of needing forest health funds, so it is not a problem for your bark beetle response to have less funding.

Moran Q31: Why are you cutting these proven programs, but recommending a \$328 million allocation for counties that has never been done before?

Forest Service Planning Rule

The Service is proposing a \$10 million decrease in the planning, inventory, and monitoring program at the same time the agency hopes to implement its proposed forest planning rule.

Moran Q32: Is it your contention that planning, inventory, and monitoring needs will decrease under the new planning rule?

Moran Q33: Why should the Congress allow the budget restructuring in which planning, monitoring and inventory are all merged? Don't you know what your planning needs are? Shouldn't you have a limited and discrete funding allocation for planning?

There appears to be a trend seen in the Integrated Resource Restoration (IRR) proposal and the proposed NFMA planning rule; both programs seek to provide more discretion to the agency to allocate and spend resources and to make management decisions.

Moran Q34: How do you reconcile this approach with recent GAO reporting on your lack of performance measures or monitoring?

Moran Q35: How do you respond to concerns that the Service is retreating from accountability in budgeting and planning?

I understand that the NFMA proposal presents a new approach to protecting fish, wildlife and their habitat which deviates from longstanding rules.

Moran Q36: Why is the departure necessary and does the new approach provide for the same level of accountability as the current rule?

Climate Change

Your budget says the Service is integrating climate change adaptation and mitigation into your regular program of work.

Moran Q37: First, can you tell the Committee what kinds of impacts you and your field mangers are already experiencing that are related to climate change?

Moran Q38: Are these climate change related environmental impacts causing a lot of problems for the National Forests and for state and private forests?

Moran Q39: Do you know how much the Forest Service is spending on climate change?

Your research division is the world's premier forest science organization and it has made many substantial contributions to forest management and climate change science.

Moran Q40: Can you explain why the budget cuts climate change science?

Enormous costs at Albuquerque centralized business center

Moran Q41: Please explain briefly what the Albuquerque service center does and what its budget is? Where is all of this funding located in your budget request?

I understand that you have had major problems with your re-engineered human resource program. First you sent all staff to a central location, and then you decide to partially undo it, but do so at a greater cost.

Moran Q42: What is going on here and are you watching your administrative expenses?

Recreation, Visitation and Economic Impact

We have heard from outside groups that the national parks and national forests make major contributions to the Gross Domestic Product in recreation.

Moran Q43: Do you have any current data on national forest visitation, its trends, and the economic impact of this for the Nation as a whole and for the hundreds of gateway communities in rural areas of 42 States?

I see that the recreation program in your national forest system is one of the few that have an increase, in this case, \$5 million.

Moran Q44: Why is it important for you to get this modes increase and how will you use it?

American Reinvestment and Recovery Act

I realize that the Forest Service still has a huge backlog in deferred maintenance of \$5.27 billion for some of the 40,000 structures and 373,000 miles of roads. The Congress appropriated \$1.15 billion for the Service under the ARRA program.

Moran Q45: Can you please tell us about the kinds of projects you have been working on with this surge in funding?

Moran Q46: Were you able to obligate those funds in the limited time available?

Moran Q47: What were you able to accomplish with these funds? To what extent have you made a dent on your deferred maintenance backlog for facilities, roads, and fire risk reduction, and abandoned mine restoration projects?

Moran Q48: How many jobs do you estimate will be created at the Forest Service with your ARRA funds?

Reducing Deferred Maintenance Backlog

The Forest Service has a \$5.27 billion backlog in deferred maintenance for roads, dams, buildings and other structures. Unlike the Park Service, you do not get any allocation from the Highway Bill. I know that this backlog is a long-standing problem.

Moran Q49: What are your worst maintenance problems?

Moran Q50: Your request decrease funding substantially for maintenance and construction. Does mean that you probably will fall further behind again?

Additional Integrated Resource Restoration (IRR) Questions

The IRR program plans to treat 2.6 million acres to "sustain or restore watershed function and resilience."

Moran Q51: Is logging the primary means of enhancing watershed resilience?

Moran Q52: What will be the output and outcome measures for the Restoration and Management of Ecosystems component and how will they differ from the other funds?

Moran Q53: Will timber volume come exclusively from acres treated for watershed resilience?

The Hazardous Fuels Reduction budget line item is split into Wildland (with \$79 million as part of IRR's Restoration and Management of Ecosystems) and Wildland Urban Interface (with \$254

million in the Wildland Fire Management Account). The measures for wildland restoration are retained in the Wildland Urban Interface budget line item.

Moran Q54: Do you expect to accomplish ecosystem restoration at the same time as reducing hazardous fuels to protect communities?

Moran Q55: It's not clear how IRR dollars will be allocated and prioritized. Can you explain how the agency will provide program oversight, including how guidance and criteria for project selection and prioritization will be developed?

Moran Q56: It appears that the FS monitoring budget has actually decreased despite the fact that IRR will be requiring new types of information. Does the FS have the capacity to adequately evaluate implementation of IRR?

Moran Q57: Is the agency concerned that it may not have the appropriate research and scientific support to effectively measure the resiliency of ecosystems?

The IRR program proposal completely eliminates the wildlife, fish and rare plant program. Future habitat management will rely on this big pot of funds.

Moran Q58: How will you ensure that the large scale restoration and water enhancing efforts will also improve habitat? What is the relationship between ecosystem resiliency and the conservation of wildlife and flora?

The Wildlife, Fish, and Rare Plant program has 222 or nearly 20 percent fewer botanists and fisheries and wildlife biologists than in 1995.

Moran Q59: How does this affect your ability to deliver on the agency's stewardship responsibilities? How does your workforce planning affect your ability to have technically trained staff who can implement meaningful programs?

Questions for the Record from Mr. Calvert

USFS Staffing

We heard from the GAO and IG's offices that the Forest Service may be on the precipice of a staffing crisis in their firefighting corps. I am particularly concerned with the IG's finding that by 2019 86% of personnel critical to wildland firefighting within the Forest Service will be eligible for retirement.

Calvert Q1: What steps has the Forest Service taken to recruit new individuals to fill these critical positions, especially the roles of incident commander and other key leadership posts?

I am also concerned with the finding that, even though the Forest Service believes training for incident commanders should take 11 years, on average this training takes upwards of 23 years.

Calvert Q2: What steps has the Forest Service implemented to shorten the time it takes to train and qualify an individual for a critical firefighting incident command position?

Calvert Q3: What has the Forest Service done to ensure that once these individuals are trained they are retained by the Forest Service and not lost to another agency or private contractor?

Fuel Reduction Funds

I am concerned with findings by the GAO and IG that indicate that the Forest Service inefficiently allocates the fuel reduction funds it receives.

Calvert Q4: What actions has the Forest Service taken to improve the way it spends these funds and ensure it more effectively spends fuel reduction funds it receives?

Calvert Q5: In written testimony by the GAO before this subcommittee it was noted that the Forest Service "lacks a measure of the effectiveness of fuel reduction treatments." Does the service lack this measure because it lacks the technical expertise to quantify fuel reduction effectiveness, or because it chooses not to collect and analyze the data?

Calvert Q6: To what extent does obtaining permits from federal and state agencies impede the department's ability to undertake fuel reduction projects?

Calvert Q7: Of the money spent each year on fuels reduction, as a percentage, how much of that is spent on administrative and permitting costs rather than activities that actually reduce hazardous fuels?

Calvert Q8: Do you have recommendations for streamlining the permitting process?

Land Exchanges

One complaint about the Forest Service I hear in my district has to deal with land exchanges between the Forest Service and other interested parties. In particular, I often hear that these exchanges take a very long time to complete due to administrative delays on the part of the Forest Service.

Calvert Q9: Why do they take so long to complete?

I posed this question to the GAO and IG during a hearing of this Subcommittee. They indicated that part of the reason for these administrative delays was the because the Forest Service had inadequate staffing to conduct these exchanges and that the Forest Service may also be falling short in training necessary staff on land exchanges.

Calvert Q10: How do you respond to this?

U.S. Border Security

Chief Tidwell, it is no secret that U.S. land borders remain one of the United States' most vulnerable national security weaknesses. Every day our borders are not secure is one more day that drugs, human traffickers, illegal immigrants and terrorists can gain illicit entry into this country.

Unfortunately, I understand that some of the most vulnerable points along our borders occur on federal lands.

Calvert Q11: What role, if any, does the Forest Service plan in securing our borders on its lands adjacent to our national borders?

Calvert Q12: Does the Forest Service have sufficient resources and authorities to play its part in protecting Forest Service lands along the border? If not, what does the Forest Service need?

Calvert Q13: To what extent does the Forest Service work with DHS and the Border Patrol to secure the borders? How effective are these interactions? How could cooperation and coordination between the Forest Service, DHS, and law enforcement at all levels be improved to better secure our borders?

We heard from the GAO and IG that although DHS and the Forest Service do cooperate, that cooperation sometimes suffers from a lack of information sharing and interoperability.

Calvert Q14: What have you done to improve cooperation and interoperability between the Forest Service and DHS?

Questions for the Record from Mr. Flake

Interagency Cooperation on the Border

The Border Patrol's Tucson Sector with responsibility for central and eastern Arizona has had a historically high level of apprehensions of undocumented aliens while also having to contend with what the GAO referred to as "the highest concentration and diversity of borderlands of all the sectors on the southwest border." The Tucson Sector is responsible for providing border security on land that includes two national wildlife refuges and two national parks as well as a national forest and the Tohono O'odham Nation Indian Reservation and other federal lands. Unfortunately, among other conclusions, an October 2010 GAO study noted that a majority of the 26 stations responsible for patrolling federal lands along the southwest border indicated that they had experienced delays and restrictions in patrolling and monitoring portions of federal lands because of various land management laws.

Earlier this week, the subcommittee heard testimony from Interior Secretary Salazar that seemed to indicate that the current level of interagency cooperation on the southern federal borderlands was helpful in minimizing issues related to the sometimes competing goals of the Border Patrol and federal land managers.

Flake Q1: Has that been the Forest Service's experience in managing your federal lands on the border?

Fire Fighting Contract Crews

In a hearing on Forest Service management challenges, the subcommittee heard testimony from the GAO which highlighted the fact that the Forest Service is facing shortages for firefighting personnel and that the Service is turning to contractors. The GAO noted that the Forest Service "does not have reliable estimates of the costs of its various contracted firefighting crews or adequate information concerning their performance" and that "the agency is not well positioned to evaluate contracted crews' efficiency and effectiveness."

Flake Q2: It is no secret that this year, like any other, we will face a fire season. What is the Forest Service doing to address the inability to evaluate the efficiency and effectiveness of the contracted crews you are relying on more and more?

Questions for the Record from Ms. Lummis

Lummis Q1: How much additional funding would be required for the Forest Service to boost forest products output to 3 billion board feet from the proposed 2.6?

Lummis Q2: Can the Forest Service provide my office with an itemized list of how Region 2 spent the \$43 million dollars in emergency money given to it over the last two years for bark beetle mitigation?

Lummis Q3: Can the Forest Service provide details about the kind of work the bark beetle Incident Management Team is doing to advance beetle mitigation efforts? What is the size of their budget?

Lummis Q4: Does the Forest Service currently track the amount of money paid out of your agency budget through the Equal Access to Justice Act? Can you please provide that data to my office?

Lummis Q5: To what extent is the Forest Service prioritizing Rare Earth metal production? What steps is the Forest Service taking to ensure that employees in the field are prepared to handle rare earth mining petitions, particularly in districts that are not accustomed to undergoing NEPA reviews for mining purposes?

FISCAL YEAR 2012 BUDGET REQUEST U.S. FISH AND WILDLIFE SERVICE

WITNESSES

ROWAN GOULD, ACTING DIRECTOR, U.S. FISH AND WILDLIFE SERVICE DAN ASHE, DEPUTY DIRECTOR, U.S. FISH AND WILDLIFE SERVICE CHRIS NOLIN, BUDGET OFFICER, U.S. FISH AND WILDLIFE SERVICE

OPENING REMARKS OF CHAIRMAN SIMPSON

Mr. SIMPSON. The committee will come to order. Good afternoon, Acting Director Gould. I would like to welcome you along with the Deputy Director, Dan Ashe, and your Budget Officer, Chris Nolin, who is instrumental in providing this subcommittee with information it needs to do its work. Both the 2011 and 2012 budgets have generated considerable excitement for better or worse.

I have an opening statement, and I will tell you what. Because we are scheduled to have votes before too long, I would like to get to your testimony as soon as possible, so I am going to enter most of this for the record, if that is okay.
[The statement of Mike Simpson follows:]

Statement of Interior Subcommittee Chairman Mike Simpson Fish and Wildlife Service FY12 Budget Hearing Acting Director Rowan Gould March 16, 2011

The Service's 2012 budget request is almost \$1.7 billion, which is \$48 million above 2010 enacted and \$328 million above 2008 enacted.

The largest increase in the budget by far is for more federal land acquisition. This includes a \$50 million increase in discretionary appropriations for a total of \$140 million. In addition, the Service proposes to increase the price of the federal Duck Stamp which would generate \$58 million and bring total funding to acquire new National Wildlife Refuge lands to nearly \$200 million in 2012.

By contrast, the Service proposes to terminate the discretionary side of PILT's "little brother", the National Wildlife Refuge Fund, which is the only source of federal funds to counties to mitigate the acquisition of new Refuge lands.

Also included is a \$6.3 million proposed reduction that would effectively close National Fish Hatcheries that mitigate federal water control projects by creating fisheries that generate \$325 million in total economic benefits to States and local communities.

Although I'm not necessarily a proponent of balancing the federal budget on the backs of fishes, as you can see this subcommittee has some work to do to cut spending while filling in holes in the Service's budget that (1) are clear priorities of the American people and (2) serve to reinforce the important partnership role that State and local governments play in helping the Service to meet its mandates.

A year ago in my opening statement I acknowledged an organization that was and still is undergoing major reform in its approach to meeting its mandates. I'm referring to the Service's "Cooperative Landscape Conservation" initiative, perhaps the late Director Sam Hamilton's most important legacy.

Mr. Hamilton envisioned an agency organized around science-based adaptive management that transcends geopolitical and programmatic boundaries. If he wasn't a man before his time, he was certainly a man who felt it was the Service's time to reform.

History teaches us that change is met with resistance, and the more the change, the more the resistance. That is most certainly the case here, as it was under a previous

Administration. As for me, I continue to have an open mind about what you're trying to do, and here's why: Endangered species issues impact nearly everything we do in Idaho, and, a certain *Canis* species notwithstanding, the Service's track record for recovering endangered species has been abysmal under the current business model. Moreover, ESA decisions made by the Service continue to make life exponentially more difficult for land users in the West and for other Interior bureaus tasked with managing lands. There has got to be a better way.

So, as I said last year, I will continue to support this organizational reform effort if it enables the Service together with the States to more quickly delist species, and to more effectively prevent listings.

At this point in the reform process, though, I still have many more questions than answers. I suspect that the Service is still working through its own questions and answers. In any case, I think you have a massive communications problem on your hands—not the least of which has been calling this initiative "climate change" for the past two years.

I hope your testimony today will shed some additional light on where the agency is trying to go and how it intends to get there. I have been looking forward to today's discussion and to a more specific briefing on the application of Cooperative Landscape Conservation to Idaho and surrounding areas in the near future.

Mr. SIMPSON. Mr. Moran, do you? Mr. MORAN. Well, since you have shown the lead, it is incumbent upon me to do the same.

Mr. SIMPSON. That was my idea. Mr. MORAN. Shall I just give you-

Mr. SIMPSON. Do you have a quote?

Mr. MORAN. I will give you a quote.

Mr. SIMPSON. Please.

Mr. MORAN. This one is from John James Audubon. You remember him.

Mr. SIMPSON. Yes.

Mr. Moran. Yes.

Mr. SIMPSON. A good friend of mine.

OPENING REMARKS OF MR. MORAN

Mr. Moran. Yes. He quotes, "A true conservationist is a man who knows," and I am sure he meant to say a man or a woman, "who knows that the world is not given by his fathers but borrowed from his children."

And with that we can move forward to the hearing. Dr. Gould has done a great job as the acting director. I know Mr. Ashe is going to do a terrific job as well once the Senate lifts those holds. We are anxious to have you take over as director, and we do thank Dr. Gould for all his good work, and Ms. Nolin, thank you for your work as a budget director.

[The statement of Jim Moran follows:]

Opening Statement by Ranking member James P. Moran March 16, 2011

Interior and Environment Appropriations Subcommittee hearing US Fish and Wildlife Service FY 2012 Budget Acting Director Rowan Gould & Deputy Director Dan Ashe

Thank you Mr. Chairman. Welcome Mr. Gould, Mr. Ashe, and Ms. Nolan.

Mr. Chairman, although Mr. Gould is the acting director, and has done terrific work, we also have the President's nominee for director here, Dan Ashe.

- I am sure that Mr. Ashe will also be a terrific director.
- After looking at his resume, which doesn't even fit on one side of a sheet of paper, I can see that he has the experience and the knowledge to lead the Fish and Wildlife Service.
- I hope that my Senate friends will soon release holds, which I note are completely unrelated to the quality or qualifications of Mr. Ashe.
- Mr. Chairman, I am sure that this will be another productive hearing.
 The US Fish and Wildlife Service has over 10,000 employees, and it
 has a myriad of important responsibilities for the Nation's fauna and
 flora. The Service manages more than 150 million acres of lands and
 waters in the national wildfire refuge system, which includes over
 550 refuges.
- Besides its responsibilities for Federal lands, the Service has vital fish and wildlife technical and financial assistance functions.

- I recall that House passed HR-1 eliminated all funding for two proven cooperative conservation programs, the State and Tribal Wildlife Grants and the North American Wetlands Conservation Fund.
- I think those cuts were irresponsible. I hope we get a chance to talk about the benefits of these partnership efforts. They leverage million of dollars of non-federal money to do great conservation projects in all States and territories, as well as with First Nations.
- The Fish and Wildlife Service endangered species and law enforcement programs are often very controversial, but they are essential tools to protect our Nation's wildlife, fish and plants so that future generations also will be able to enjoy the marvelous natural heritage of the USA.

Mr. Chairman, I see that you are ready for an historic quote. As the famous ornithologist, John James Audubon wrote, and I quote:

"A true conservationist is a man who knows that the world is not given by his fathers but borrowed from his children."

I look forward to the hearing.

Thank you Mr. Chairman.

Mr. SIMPSON. Is there anybody over there on that Senate side we could talk to? Or is that a secret?

Mr. MORAN. I will talk to you in private.

Mr. SIMPSON. Welcome. We look forward to your testimony. The floor is yours.

OPENING STATEMENT OF ROWAN GOULD

Dr. Gould. Thank you. Good morning, Chairman Simpson, Mr. Moran, and members of the subcommittee. Actually, I am going to try to keep my remarks very short, too, in keeping with your situation.

I am Rowan Gould. I am the acting director of the U.S. Fish and Wildlife Service, and I appreciate the opportunity to testify before you today on the Service's fiscal year 2012, budget request. This request will focus funding on the agency's highest-priority conservation initiatives, while containing costs through management efficiencies and other savings.

This is a very difficult budget year as the committee well knows. It does not come without some sacrifice on the part of the Service. The \$1.7 billion request contains \$26.5 million in efficiency reductions, along with program reductions and eliminations that total \$86.3 million. Program increases for our high-priority needs result in a net increase of \$47.9 million compared to the fiscal year 2010 enacted budget.

The budget also includes approximately \$1 billion available under permanent appropriations, most of which will be provided directly to states for fish and wildlife restoration and conservation.

Our request represents an excellent investment for the American people. For every federal dollar spent the Service supports job creation and economic development at the local level. According to our 2006 Banking on Nature Report, recreational activities on national wildlife refuges generated \$1.7 billion in total economic activity. According to the study nearly 35 million people visited national wildlife refuges, supporting almost 27,000 private-sector jobs with almost \$543 million in employment income.

In addition, recreational spending on refuges generated nearly \$185 million in tax revenue at the local, county, state, and federal level. The economic benefit is almost four times the amount appro-

priated to the refuge system in fiscal year 2006.

In addition, in 2010, Service economists published a peer-reviewed report of the economic contribution of the Fisheries Program and attributed \$3.6 billion per year to the economy from fishing, aquatic habitat conservation, subsistence fisheries, evasive species management, and other public uses. The total number of jobs associated with this economic input is over 68,000. It is clear the investment in the Service supports economic development and job creation throughout the U.S.

The Service's highest-priority increases will help us use our resources more efficiently. Continued development of shared scientific capacity to obtain information necessary to prioritize conservation spending is reflected in our increases for landscape conservation.

A requested increase of \$17.4 million will enable the Service to continue working with partners to conduct collaborative landscape scale, biological information gathering, participate in cooperative

planning and will complete the network of Landscape Conservation

Cooperatives, or LCCs, initiated in fiscal year 2010.

The LCCs will fund science to answer fundamental questions so that the Service, states, and others can make more efficient use of their resources. Within the Service, LCCs help support ongoing programs, including endangered species recovery, refuge comprehensive conservation plans, fish passage programs, and habitat restoration. In support of LCC development and adaptive science management, we requested an increase of \$8 million within the Refuge Program to continue building the landscape scale long-term inventory and monitoring network that the Service began in fiscal year 2010.

The budget proposes an increase for the North American Wetlands Conservation Act to \$50 million, as well as an increase of \$4 million for activities associated with renewable energy development, including \$2 million for endangered species consultation and

\$2 million for conservation planning assistance.

The budget contains \$15.7 million, an increase of \$2 million, to

support youth in the great outdoors.

În sum, the Service has taken a very serious look at its budget this year and reduced our request in significant areas while focus-

ing increases only on high-priority items.

Thank you for the opportunity to testify this afternoon. Dan Ashe and I are happy to answer any questions the subcommittee may have and look forward to working with you through the appropriations process. Thank you.

[The statement of Rowan Gould follows:]

TESTIMONY OF ROWAN GOULD, ACTING DIRECTOR, U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR, BEFORE THE U.S. HOUSE OF REPRESENTATIVES APPROPRIATIONS COMMITTEE INTERIOR SUBCOMMITTEE, REGARDING THE FISCAL YEAR 2012 BUDGET OF THE U.S. FISH AND WILDLIFE SERVICE

March 16, 2011

Good morning Chairman Simpson, Mr. Moran, and Members of the Subcommittee. I am Rowan Gould, Acting Director of the U.S. Fish and Wildlife Service (Service). I appreciate the opportunity to testify before you today on the Service's Fiscal Year 2012 budget request. I would also like to thank the Subcommittee for its continued support of our mission to conserve, protect, and enhance fish, wildlife, and plants and their habitats for the continuing benefit of the American people.

The Service's FY 2012 budget request will focus funding on the agency's highest priority conservation initiatives, while containing costs through management efficiencies and other savings. This is a very difficult budget year, as the Committee well knows. It does not come without some sacrifice on the part of the Service. The \$1.7 billion request contains \$26.5 million in efficiency reductions, along with along with program reductions and eliminations that total \$86.5 million. Program increases for our high priority needs result in a net increase of \$47.9 million compared to the FY 2010 enacted budget. The budget also includes approximately \$1 billion available under permanent appropriations, most of which will be provided directly to States for fish and wildlife restoration and conservation.

The budget principally focuses on large-scale, conservation efforts by supporting the President's America's Great Outdoors initiative. Additionally, an increase in Cooperative Landscape Conservation will enable the Service to continue working with partners to conduct collaborative, landscape-scale biological planning and information gathering by completing a national network of Landscape Conservation Cooperatives (LCCs) initiated in FY 2010.

The President's America's Great Outdoors initiative provides the Service with \$140 million from the Land and Water Conservation Fund for Federal land acquisitions the Service has identified as having the greatest conservation benefits, and \$15.7 million, an increase of \$2.5 million to support Youth in the Great Outdoors by providing a platform and programs to orient children and young adults to the importance of fish and wildlife conservation and encourage careers in natural science.

The budget proposes an increase of \$4.0 million for activities associated with renewable energy development, including \$2.0 million for the Endangered Species Consultation program to support development of renewable energy projects and \$2.0 million for Conservation Planning Assistance (CPA). The increase for the CPA program will enable the Service to participate more fully in priority landscape level planning to assist industry and State fish and wildlife agencies'

siting of energy projects and transmission corridor infrastructure, aiding in the President's mission for increased renewable energy development.

The budget will also support large-scale ecosystem restoration projects as examples of the Service's commitment to a landscape-scale, science-driven, partner-engaged approach to conservation. Some of these projects include efforts in the Chesapeake Bay watershed and the California Bay-Delta region, where water supply, healthy watershed and sustainable populations of fish and wildlife are being addressed.

The Service recognizes the need to make difficult choices during challenging economic times. In support of the President's commitment to fiscal discipline and spending restraint, the Service is participating in an aggressive Department-wide effort to curb non-essential administrative spending. In accordance with this initiative, the Service's FY 2012 budget assumes \$26.5 million in savings, built upon management efficiencies the Service began implementing in FY 2011. Savings will be realized in several areas, including travel, employee relocation, and supplies.

Cooperative Landscape Conservation

The requested funding increase of \$10.2 million will enable the Service to continue working with partners to conduct collaborative landscape-scale biological planning and conservation design by completing the network of Landscape Conservation Cooperatives initiated in FY 2010.

LCCs will continue to act as a focal point for collaborative work with partners, to disseminate applied science products and tools for resource management decisions across landscapes. This collaboration allows partners to target resources on activities that will produce the greatest benefits for fish and wildlife for the American people. Within the Service, LCCs help support and augment many ongoing programs, including Endangered Species Recovery Plans, Refuge Comprehensive Conservation Plans, fish passage programs and habitat restoration.

Adaptive Science

With an additional \$7.2 million in funding, the Service will be able to acquire the necessary science to make better conservation decisions. The funding will be used to acquire risk and vulnerability assessments, conduct inventory and monitoring, develop population and habitat assessments and models, design conservation measures, evaluate management options for LCC partners, and increase our understanding of conservation genetics.

National Wildlife Refuge System

National Wildlife Refuge System – Funding for the operation and maintenance of the national wildlife refuge system is requested at \$502.9 million. The request includes an increase of \$6.5 million, for National Wildlife Refuges (Refuges) operations, enabling Refuges to complete additional habitat improvement projects. An additional \$2.0 million will be used for the FWS youth program to engage young Americans in conservation by offering public service opportunities, science-based education, and outdoor learning laboratories. The request includes

an increase of \$1.5 million for Chesapeake Bay restoration and \$750,000 for Gulf Coast restoration activities at Refuges. With 10 National Wildlife Refuges along the Gulf coast line, protecting more than 300,000 acres, the Service is committed to working towards repairing the damage caused by the unprecedented Deepwater Horizon explosion and oil spill. Additionally, an increase of \$2.0 million is also requested for deferred maintenance at Refuges.

Refuge Inventory and Monitoring Program

In support of LCC development and adaptive science management, the requested increase of \$8.0 million within the Refuge program will be used to continue building the landscape scale, long-term inventory and monitoring network that the Service began in FY 2010.

National Wildlife Refuge Fund

The Service proposes the elimination of the entire appropriated portion (\$14.5 million) of the National Wildlife Refuge Fund. The Fund was originally conceived to assist communities in lieu of taxes for lands acquired and managed by the Service. Over time, however, Refuges have been found to generate tax revenue for communities far in excess of tax losses from Federal land ownership. Refuge lands provide many public services, such as watershed protection, and place few demands on local infrastructure when compared to development that is more intensive. Importantly, refuges bring a multitude of visitors to nearby communities, providing substantial economic benefits. Recreational spending on Refuges generates millions of dollars in tax revenue at the local, county, State and Federal levels. The mandatory receipts collected and allocated to States under the program would remain.

Law Enforcement

The Service budget request provides \$62.6 million for the law enforcement program to investigate wildlife crimes and enforce the laws that govern the Nation's wildlife trade. The request is \$3.1 million below the 2010 enacted level, which reflects the elimination of funding for a new class of agents who were hired in 2010.

Endangered Species

The FY 2012 budget includes \$182.7 million to administer the Endangered Species Act (ESA), a net increase of \$3.3 million over the 2010 enacted level. This includes a \$2.0 million increase for renewable energy consultation and \$3.4 million for ecosystem-specific consultation and recovery.

The Service also is requesting an increase in funding for the Endangered Species Listing Program, to reflect the increasingly large number of Endangered Species Act (ESA) petitions being received. Between 1994 and 2006, the Service received an average of 17 petitions annually, covering an average of 20 species per year. In contrast, since 2007 the Service has been petitioned to add more than 1,230 species to the list of threatened and endangered species, more species than the Service listed during the previous 30 years of administering the Act. With

additional funding, the Service projects to complete 39 additional 90-day and 12-month petition findings, while also initiating proposed listing determinations for 93 species.

Fisheries and Aquatic Resource Conservation

The budget request includes a total of \$136.0 million for the Fisheries and Aquatic Resource Conservation program, a decrease of \$12.2 million from the 2010 enacted level. Facilitating the Service's role and responsibility in promoting ecosystem health, fisheries, and aquatic resource conservation, the budget includes increases for the Chesapeake Bay and California Bay-Delta program as well as an additional \$2.9 million for Asian carp activities in the Great Lakes. Moreover, the budget proposes an increase of \$380,000 to protect polar bears in compliance with the Marine Mammal Protection Act.

National Fish Hatchery Operations - Mitigation

The FY 2012 request contains a reduction of funding for National Fish Hatchery general program activities of nearly \$6.8 million. At several of its hatcheries, the Service produces fish to mitigate the adverse effects of Federal water development projects constructed by other Federal agencies. States depend on these activities to stock fisheries which provide economic benefit to local communities. At the direction of Congress, the Service is working to recover costs from the Federal agencies that built and operate these water infrastructure projects. The U.S. Army Corps of Engineers (Corps), the largest customer for these mitigation fish, has \$3.8 million in its 2012 request to fund mitigation fish production. The Service will continue ongoing discussions with the Corps as well as the Tennessee Valley Authority, Central Utah Project Completion Act, and the Bonneville Power Administration to seek reimbursement and negotiate reimbursable agreements for the operation of mitigation fish hatcheries.

Migratory Birds

The Migratory Birds program is funded at \$54.4 million, just slightly below the FY 2010 enacted level. The North American Wetlands Conservation Fund is funded at \$50 million, \$2.4 million over the FY 2010 enacted level. The North American Wetlands Conservation grant program plays a vital role addressing wetland habitat loss, with every grant dollar matched 1:1, and in some programs as much as 4:1.

International Affairs

The budget request provides the International Affairs program with just under \$13.0 million, a net decrease of \$1.4 million from the 2010 enacted level. The Multinational Species Conservation Fund is funded at \$9.8 million, a decrease of \$1.8 million.

Coastal Impact Assistance Program

Under the Energy Policy Act of 2005, the Secretary of the Interior is authorized to distribute \$250 million for each of the fiscal years 2007 through 2010 to states and their coastal political subdivisions (CPS) with oil production in the OCS off their shores. This money is available to

Alabama, Alaska, California, Louisiana, Mississippi, and Texas by formula for ecosystem restoration projects.

This program has been implemented from its inception by the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), formally the Minerals Management Service (MMS). However, in FY 2012, the Coastal Impact Assistance Program will be transferred to the Fish and Wildlife Service as the purpose of the CIAP aligns more directly with the mission of the Service. The two bureaus are working together to implement the transfer as quickly and smoothly as possible. The transfer will allow BOEMRE to focus on programs more directly aligned with its regulatory and enforcement mission.

Thank you for the opportunity to testify this afternoon. I am happy to answer any questions the Subcommittee may have and look forward to working with you through the appropriations process.

Acting Director Rowan W. Gould

Rowan Gould is the Fish and Wildlife Service's Deputy Director for Operations. In this capacity, he oversees regional directors, ensuring agency performance and accountability, consistent application of all Service resource management policies, and is responsible for the day-to-day Service operations.

Prior to his appointment as Deputy Director for Operations, Gould served as acting Fish and Wildlife Service Director during the transition to the new Administration.

As acting Director, Gould worked to promote the agency's mission and priorities throughout the United States and abroad by developing and strengthening partnerships with other Federal agencies and foreign governments, States, Tribes, non-governmental organizations, and the private sector. Gould ensured agency performance and accountability, customer service, and consistent application of all Service resource management policies; and was responsible for the day to day operations of the Service in implementing its field based mission.

Gould is a native of Oregon and received his B.A., M.S. and Ph.D. degrees in fish health and fish biology from Oregon State University. Gould started his Service career as a research microbiologist at the Seattle National Research Center in 1976. Over Gould's extensive career with the Service, he has served in numerous research positions including as section chief at the National Fisheries Research Center in Seattle, Washington and the Director of the National Fisheries Research and Development Laboratory, Wellsboro, Pennsylvania.

Before stepping in as acting Director, Gould was selected in September 2008 as the agency's Deputy Director. Prior to that Gould was Assistant Director – Wildlife and Sport Fish Restoration. Gould's other previous leadership positions include terms as Regional Director of the Alaska Region, Deputy Assistant Director for Fisheries in Washington, D.C., and Deputy Regional Director for the Service's Pacific Region.

Some noteworthy experiences for Gould came about when he served in Alaska. In 1989, as Assistant Regional Director for Ecological Services and Fisheries, he was responsible for coordinating the Service's activities in response to the Exxon Valdez oil spill and served as the Department of Interior's representative to the inter-governmental oil spill damage assessment management team. After that, he served as the Assistant Regional Director for Refuges and Wildlife in Alaska, where his responsibilities included the oversight of the 77-million-acre National Wildlife Refuge System and the Migratory Bird program.

Daniel M. Ashe

Dan Ashe is the U.S. Fish and Wildlife Service's Deputy Director for Policy. In this capacity, he oversees assistant directors in the Washington, D.C. office, providing strategic program direction and developing policy and guidance to support and promote program development and fulfill the Service mission.

Prior to his appointment as Deputy Director, Ashe served as the Science Advisor to the Director of the Fish and Wildlife Service. Appointed to this position in March, 2003, he advised the Service Director and provided leadership on science policy and scientific applications to resource management. As Science Advisor, Ashe led an organizational renaissance for science and professionalism, leading the Service's efforts to respond to changes in the global climate system; shaping an agency agenda for change toward a science-driven, landscape conservation business model; defining an agency Code of Scientific and Professional Conduct; authoring new guidelines for scientific peer review and information quality; building state-of-the-art, electronic literature access for employees; and reinstituting internal scientific publication outlets. He was also responsible for leading efforts to build stronger relationships with the U.S. Geological Survey, and scientific professional societies.

From 1998 to 2003, Ashe served as the Chief of the National Wildlife Refuge System, directing operation and management of the 93 million-acre National Wildlife Refuge System, and the Service's land acquisition program. During his tenure as Chief, the Refuge System experienced an unprecedented and sustained period of budget increases for operations, maintenance, construction and land acquisition. The Refuge System also saw vastly expanded public visibility, and partner and community involvement. From 1998 to 2000, Ashe also directed the Service's migratory bird management and North American wetlands conservation programs, and both of those programs also experienced significant strengthening under his leadership. From 1995 to 1998, Ashe served as the Fish and Wildlife Service's Assistant Director for External Affairs where he directed the agency's programs in legislative, public, and Native American affairs, research coordination, and state grants-in-aid. During his tenure in this position, the Service restructured and broadened its communications programs and capacities, incorporating communications expertise into all of its program areas and employee training. The agency implemented a forward vision for Congressional relations, which led to several groundbreaking legislative accomplishments, including enactment of the National Wildlife Refuge System Improvement Act.

From 1982 until 1995, Ashe was a Member of the Professional Staff of the former Committee on Merchant Marine and Fisheries, in the U.S. House of Representatives. In 13 years on Capitol Hill, Ashe served in several capacities, advising the Committee's Chairmen and Members on a wide range of environmental policy issues, including endangered species and biodiversity conservation, ocean and coastal resources protection, the National Wildlife Refuge System, the National Marine Sanctuaries Program, the Clean Water Act, wetlands conservation, fisheries management and conservation, and offshore oil and gas development. Ashe's journey to the Nation's Capitol was made possible by the National Sea Grant College Program, in 1982, when he was awarded a National Sea Grant Congressional Fellowship. Ashe earned a graduate degree in Marine Affairs from the University of Washington, where he

studied under a fellowship from the Jessie Smith Noyes Foundation. His Master's thesis, on estuarine wetland mitigation, was published in the Coastal Zone Management Journal, in 1982. Ashe earned a Bachelor of Science in biological sciences from the Florida State University, in Tallahassee, Florida.

Ashe is very active in local civic affairs in Montgomery County, Maryland, where he and his family reside. He is an avid waterfowl hunter, angler and tennis player.

Ashe's father, William (Bill) C. Ashe, also a career employee of the U.S. Fish and Wildlife Service, retired in 1990, and now resides in Harvard, Massachussetts.

CHRISTINE L. NOLIN

Chris Nolin, as Chief of the Division of the Budget for the US Fish and Wildlife Service, leads the national level effort to prepare, justify and execute the Service's \$2.8 billion annual budget. Securing adequate funding in an era of constrained domestic spending is key to managing the 96 million acre National Wildlife Refuge system, conserving migratory birds and their habitat, achieving recovery for threatened and endangered species, conserving aquatic resources and connecting people with nature to ensure the future of conservation.

Chris formerly held the position of Division Chief for the Washington Office Endangered Species Program.

Before her time with the Service, Chris worked for the Office of Management and Budget (OMB), where she developed the President's budget for the Service, and handled policy issues for the Executive Office of the President, developing and coordinating Administration policy on natural resource issues. She also served as the OMB examiner for the U.S. Forest Service.

Earlier in her career, Chris spent over ten years in state government, coordinating environmental issues for the central staff of the New York State Assembly, and handling environmental policy issues for the Lt. Governor of New York.

She is a graduate of Georgetown University Law Center, where she received a J.D. *magna cum laude*. She served on the Georgetown International Environmental Law Review, and was inducted into the national law honor society known as the Order of the Coif.

She is married to Joe Tinkelman, a Managing Editor at BNA, Inc. and lives in Silver Spring, MD. She has two children.

Mr. SIMPSON. Thank you. I appreciate you all being here. I am going to yield my time to the chairman of the full committee, Mr. Rogers

Mr. ROGERS. Thank you, Mr. Chairman. Thank you, witnesses, for being here today. We appreciate your service to your country and to this Congress.

MITIGATION HATCHERIES

Several decades ago when the federal construction of dams was in its heyday, native trout streams were adversely affected, and through its Fisheries Program, Fish and Wildlife Service built a network of 14 national fish hatcheries that specialize in mitigating for fisheries losses as the result of the actions of other federal agencies.

Today the Service is proposing a reduction of \$6.3 million to these mitigation hatcheries, which would effectively force their closure unless other federal agencies continue to supplement funding through, "mitigation." And on top of that the Administration is proposing an across-the-board reduction to supplies, translating to a \$900,000 cut in hatchery supplies, and that would, I believe, reduce the fish populations.

Fish and Wildlife has received reimbursement from other federal agencies like the Corps for some of those costs in the past, but you have never assumed reimbursement in your budgeting process until now. That is problematic because the Corps fiscal year 2012 request is insufficient to cover this reduction in your request.

Why are you changing your policy in this regard?

Dr. GOULD. We have been getting to a fee-for-services approach to doing business for almost 30 years now, and we have several examples out there where that is exactly the way things are. Most, if not all, of our mitigation hatcheries on the Columbia River are Mitchell Act hatcheries and are paid for by the National Marine Fishery Service. We have BOR supporting our hatcheries in California.

So we have examples all over the country where this is actually occurring. In fact, we do not look at this reduction, this almost a little over \$6 million reduction, as a reduction. We see it as a transfer of funds. We have worked out an agreement with the Corps of Engineers to include most of the money that was identified specifically for these mitigation hatcheries, and in fact, the amount they came up with is enough to operate those hatcheries. It is a transfer of funds to their budget, so there is no real reduction.

We are still trying to discuss with them the exact terms of who pays for what. There are still some issues regarding who pays for some of the maintenance activities in the hatchery, which counts for some of the difference between what we have agreed to for fiscal year 2012, and what we have specifically identified as the need.

So, in fact, it is our view that we are looking for a consistent way of dealing with these mitigation hatcheries across the country.

Dan, do you have anything to add to that?

Mr. Ashe. I would just add, Mr. Rogers, that specifically with regard to the hatchery in your state and hatcheries that are operated, the mitigation functions that are to be funded by the Corps of Engineers, those monies are in the President's budget. So we be-

lieve that we are going to be able to continue operation of those hatcheries, and it is our goal to continue the operation of all of these mitigation hatcheries by working with the other federal agencies.

In general, as a matter of policy, things like the funding for the mitigation is going to be most sustainable if it is closer to the action agency, the agency that is actually responsible for the operation and maintenance of the project in question.

Mr. ROGERS. Well, the core of fiscal year 2012 request I am told

is not sufficient to cover that \$6.3 reduction in your request.

Dr. GOULD. The amount we have agreed with the Corps is \$3.9 million, and of the need we have identified around \$4.3 to \$4.7 mil-

lion, and we are still negotiating that difference.

Again, there are also other mitigation entities, fee-for-service entities, that we are working with, and those include TVA and the Central Utah Project. We are in negotiations with those folks right now to deal with that shortfall to make sure that they have those funds identified in their funding processes.

Mr. ROGERS. Yes, but Fish and Wildlife is the lead federal agency with responsibility over fisheries, not the Corps, not anyone else. It is yours, and the Corps budget request does not include the money that would be required to fulfill the \$6.3 million reduction

in your request. Am I mistaken?

Mr. Ashe. The Corps portion of that is not \$6.3 million. Six point three million dollars is the entire reduction which also includes funds that would come from the Central Utah Project, TVA, and Bonneville Power Administration. As Dr. Gould said, I think the Corps portion of that as we identified it was—

Dr. GOULD. Four point seven.

Mr. Ashe [continuing]. \$4.7 million. And included in the Corps budget I believe is \$3.9 million.

Dr. Gould. Right.

Mr. ROGERS. Well, there is still a difference.

Dr. GOULD. Right.

Mr. ASHE. From a policy perspective our goal is the same, and that is to keep these hatcheries operating and providing the mitigation fish to support this function. I think in the long run we believe it is appropriate that the mitigation responsibilities be attached to the action agency. That really is the more common occurrence for us, that when an action agency proposes an action, they are responsible for the mitigation of the adverse affect.

For the security of those hatcheries and that mitigation function in the long run, we believe that it is better to have that responsibility attached to the action agency, not to the Fish and Wildlife

Service.

Mr. ROGERS. Well, that is a change in policy, is it not?

Mr. Ashe. Yes. With regard to these hatcheries.

Dr. GOULD. We have been working on this transfer of funds approach as long as I have been in the Fish and Wildlife Service, almost for 30 years.

We recognize the economic value of these facilities. We recognize that they are incredibly important to the local economies, and we will do everything we can to make sure that those economic impacts, the potential economic impacts, will be taken into consideration in terms of how we fund those hatcheries and when we fund them. But the idea is to make this conversion as soon as possible.

Mr. ROGERS. Well, you are, I think, in effect asking us to earmark monies for the Corps of Engineers to go toward Fish and Wildlife.

Dr. GOULD. It is their funds. These funds are, at least in the Corps case, for those hatcheries that are affected by the Corps, Wolf Creek and Arkansas Hatcheries. I just had a conversation with Senator Pryor yesterday about this very same issue. The fact of the matter is the money to fund those Corps hatcheries is, in effect, in the President's budget, and we would like there to be support for their continued funding.

Mr. Rogers. Well, you know we cannot earmark. So what are we

Dr. GOULD. It is in the President's budget right now.

Mr. ROGERS. Not fully. Dr. GOULD. Yes, sir. Mr. ROGERS. Thank you, Mr. Chairman.

Mr. SIMPSON. Mr. Moran.

Mr. MORAN. Suggest to the chairman of the full committee that if he wants to change that policy, I think he would find some receptivity on this side. I think the only guy that really wants it is the guy in the White House because it works to his favor and against ours.

CONTINUING RESOLUTION IMPACTS

But, anyway, moving along. So, Dr. Gould and Mr. Ashe, you have been running the Fish and Wildlife Service now for 6 months on the series of continuing resolutions. I would like to have you explain some of the practical impacts of what is a toll-booth kind of funding of the Federal Government. Are you able to hire summer temporaries, for example, engaging contracts with local rural businesses? What are some of the practical implications for this process that we have been putting you through for 6 months?

Dr. GOULD. Well, obviously, I can go through all kinds of exam-

Mr. Moran. Well, just give us some of the more glaring ones, if you would not mind.

Dr. GOULD. Well, I can list a few because I have a few of them listed right here in front of me.

Mr. MORAN. Okay.

Dr. GOULD. Hiring Youth Conversation Corps employees has been postponed. Our Challenge Cost Share Projects, which we accomplish with partners, had to be put on hold because we do not know exactly how much money we have to deal with. Our wetlands and grassland restorations have been postponed in several regions because we have to deal with contracting and dealing with landowners so we meet uncertainty.

Literally hundreds of maintenance projects have been delayed because we do not know exactly what we have to work with. We have been careful about our travel. In law enforcement there have been some special assignment projects that have been put off because we do not know exactly what we have in terms of funding

to support those agents in investigation situations.

Another very specific example is that \$2.4 million of invasive species control activities have been postponed on Florida refuges. This impacts the Service's ability to meet licensing and agreements with the State of Florida regarding Loxahatchee Refuge, which is actually owned by the State of Florida.

So there are just a few very specific examples, and we do look forward to, as soon as possible, some certainty in our budget so

that we can get on with our work.

CLIMATE CHANGE IMPACTS

Mr. MORAN. Thank you. The fact that our climate is changing appears to be a contentious point for some segment of this Congress. Could you summarize some of the changes that your land managers are already seeing on the ground such as rising sea levels destroying refuges, drought leading to wildfire and disease, disruption to ecosystems that might be caused by invasive species?

Dr. Gould. Well, first of all, before I came here, before I came to DC for my third time, I was the Regional Director in Alaska, and I am not ascribing it to any cause, but I know the ice is going away. I know that there is an incredible amount of erosion on the Bering Sea front. We are dealing with some of our Native Alaskan communities that literally, just in the last few years, had their houses washed out from underneath them. This is due to the open ice and open water situation causing erosion along the shore. We are seeing sea level rise.

There are several examples of changes that are related to differences in temperature regimes across the country. Water obviously is a big issue in the southwest and California. These are all

real issues of changes going on.

We know change is going on, and we have to take steps to at least try to understand those changes. We then take adaptive actions where we can, working with our partners to deal with the situation.

Dan, any other examples?

Mr. Ashe. I think across all kinds of ecological regimes we are seeing change that is correlated to observed changes in temperature and in climate. Changing migration for birds and waterfowl, changes in the timing of green up in especially the higher latitudes, changes in flowering plants, and those all cascade through ecologi-

cal systems.

Everything the Fish and Wildlife Service does and all the things we and our partners are responsible for are being affected at some level by changing climate. That is one of the reasons we have placed an emphasis on learning more about the changing climate system and what it means for the type of work that we do and the things that we are responsible for. I think our partners appreciate

The work that we have been doing has been right in the mainstream of the conservation community with partners like Ducks Unlimited, the Association of Fish and Wildlife Agencies, National Wildlife Federation, Wild Turkey Federation, and others, because all land managers and resource managers see the same kind of changes happening and know that we have to be smarter about dealing with that. We have to be smarter if we are going to use

the taxpayers' dollars in the most responsible way, because the decisions that we are making today are going to produce the waterfowl that our hunting constituencies depend upon 20, 30, 40, and 50 years from now. So we have to make the right investments today.

CHESAPEAKE BAY

Mr. MORAN. That was a long answer, but it was an important one. I appreciate that. I just have one last issue, Mr. Chairman,

but it does not necessarily require as extensive an answer.

You mentioned in your statement the restoration efforts on the ecology of the Chesapeake Bay as being important. To what extent does the Goodlatte amendment to H.R. 1 affect the Fish and Wildlife Service's ability to work on the Chesapeake Bay restoration?

Dr. GOULD. The short answer if you broadly interpret—

Mr. Moran. Well, it said no federal funds. It did not specify EPA

or anything like that.

Dr. GOULD. Right. We have a lot of restoration work going on related to point-source pollution and coordination and restoration work related to wetlands habitat. Very broadly interpreted that work could have something to do with water quality. We obviously could not do that work, even though it is not directly—

Mr. MORAN. It was not intended, but it would include Fish and

Wildlife Service. You would just have to stop your operations.

Dr. Gould. If you broadly interpret.

Mr. MORAN. Yes. Okay. Thank you. Thank you, Mr. Chairman.

Mr. SIMPSON. Mr. Lewis.

SANTA ANA SUCKER

Mr. Lewis. Thank you, Mr. Chairman. I am sure that you will have anticipated at least a piece of that which I would like to discuss, but the critical habitat designation that relates to the Santa Ana sucker is very important to the Southern California region, but in a broader sense, my concern is one of making sure that we do not repeat the kind of fiasco that took place in the Bay Delta that so undermined the credibility of our work in this entire region. And on every side of that issue people quit talking to each other and began yelling about what the other was doing, and we need to make sure that we are preserving elements of our environment as well as endangered species, et cetera, in a sensible way that allows us to do the kind of planning that is necessary.

I am very concerned that this designation, critical habitat for the Santa Ana sucker, could take us down that same pathway if there is not some really sensible effort to communicate with each other

about where we ought to be going.

And so in connection with that last week when we were discussing this, it was suggested that maybe Fish and Wildlife tends to want to take those analyses that agree with their conclusions and reject analyses that might go in a different direction, and in that discussion the sucker came to mind, and so I am interested in knowing has Fish and Wildlife on occasion sent economic analyses back to the contractor for additional work if it was found to be wanting?

Dr. GOULD. We do that often is the short answer.

Mr. LEWIS. You do that often?

Dr. GOULD. Yes, we do.

Mr. LEWIS. All right. I kind of thought that might be your re-

sponse.

Dr. Gould. Yes. In this situation, we understand there are concerns. To fully discuss the Santa Ana sucker issue you have to recognize it has been listed for a long time. We do not think this critical habitat designation is going to have a major effect on the ongoing discussions and collaborative work that has been going on there in the past.

We have, however, talked to our Regional Director about the issue, and we are committed to sitting down with the county and the stakeholders and developing the kinds of working relationships that are really going to be necessary to avoid any of these concerns

that we understand you have.

Mr. LEWIS. Would that include participating in or sharing information from independent local economic analyses to make sure that their input is directly a part of whatever policy and decisions we finally make going forward?

Dr. GOULD. Yes. That would include that kind of development.

Mr. Lewis. Otherwise we could find disaster in the region. The Santa Ana River basin was developed as a result of the 1938 flood, and it starts in the San Bernardino Mountains and goes all the way to the ocean. It is a magnificent area of potential, and if we can get the communities to really work together, I think it could be a display of the best. But if we find ourselves hung up on something like this sucker, and I do not see the Section 7 process going forward in a sensible way, it might destroy the following.

We have recently completed the Seven Oaks Dam. There is a

We have recently completed the Seven Oaks Dam. There is a flood channel that goes down all the way to the ocean that probably is 300 yards across. During much of the Santa Ana, on my odometer right at the San Bernardino Mountain, there is a mile across of land, and it is my view that with the right kind of planning and cooperation between communities and the environmental community and so on, that could become a park all the way to the ocean,

if we could sensibly get people to work together.

If we start throwing time bombs in the middle of it, that dream will never become a possibility. So I really need assurance that this Section 7 designation or process will go forward here in a sensible way, and I would hope you keep me right in the middle of those discussions.

Dr. Gould. We will, sir. We have got a problem. The Santa Ana sucker is not in good shape as you are aware, so it is important that we work together to get to where you want to be and do what we can to benefit the sucker itself.

I am sure if we continue to work together, or if we set up better mechanisms to work together, we will avoid any problems.

Mr. LEWIS. If we had not really forced the Corps to change the way the Seven Oaks Dam would be used——

Dr. GOULD. Right.

Mr. LEWIS [continuing]. It would be more than just a flood control project. If we had not had an opportunity to build in preservation of water or holding water back there, et cetera, I would sug-

gest that all the way down the Santa Ana many a species would have been dramatically and negatively affected.

So I would certainly like to preserve that opportunity for cooperative spirit in the months ahead.

Thank you, Mr. Chairman. Mr. SIMPSON. Ms. McCollum.

Ms. McCollum. Thank you, Mr. Chairman, and thank you to all of you in the Fish and Wildlife Service for all the work that you do. It has been real important to the Minnesota loon, who is calling out a great appreciation and thanks for all the work that you did down in the Gulf. Our state bird appreciates that and so do all the kids who have been watching on websites about what is going on.

You have talked about creating a national network of landscape conservation cooperatives to collaborate landscape, biological planning, the whole works. Your testimony, if you would have given all of it, was going to talk about what is going on in the Chesapeake Bay, which brought up the California Bay-Delta, the Gulf Coast, and the Everglades.

MISSISSIPPI RIVER

But there is one of our Nation's biggest landmarks, and that is the Mississippi River. It is one of the world's largest bodies of water. It is internationally recognized as well as treasured here nationally, and the mighty Mississippi River, which is getting ready to be real mighty in my neck of the woods and do a lot of flooding shortly, it goes all the way from Minnesota, as you know, all the way down to the Gulf.

It is a large source of drinking water for over 18 million people, and my hometown of St. Paul probably would not have turned into the place that it is today, as well as Minneapolis, without the river.

I am very proud of the work that the Upper Mississippi Natural Wildlife Refuge is doing, and I want to just kind of hone in here a little bit and ask you is the landscape cooperative going to touch on the Mississippi River to help the river achieve its healthy watershed? It continues to be a working river, and if it is going to be a working river and also support the wildlife and the recreational aspects of it, there has to be a well-calibrated balance between barge traffic, locks and dams, Asian carp coming in, everything else.

You do not mention that watershed, and I know it is broken down into regions. Regions are fine, but what is the overall big picture plan for Mississippi protection?

Dr. GOULD. You mentioned LCCs, landscape conservation cooperatives. Those cooperatives are a system of shared scientific expertise and money that provides science information to management entities, allowing them to make the most efficient and most effective use of their money to do what they need to do.

As you are aware, that area is covered by Joint Ventures for birds and many kinds of agreements with the Native American community in terms of management responsibilities and requirements. We work very closely with the states, especially with the refuge, in determining what kind of restoration activities can be most efficient and effective for wildlife values, while taking into consideration, obviously, the economic value of that area.

So the landscape conservation cooperatives are going to provide the science information so people can make the best decisions based on the best science. I would like to say, they are not conservation delivery. Each of the entities involved have their own responsibilities, but if we can agree on the science, you can make individually and collectively the best, most-efficient decisions on how you use the money available.

Our Great Lakes region is one of the Service's leaders in working in partnership with all of the interested stakeholders to come to management approaches to solving ecological problems in a very ef-

ficient and effective manner and transparent way.

So overall, that is an area of focus, obviously because it is so important, and we have a lot of base money going into that area.

Dan.

Mr. ASHE. If I could just add, especially with the Mississippi River and the Gulf of Mexico, I think what we envision with the landscape conservation cooperatives is, as Rowan said, trying to

build shared capacity.

And so LCCs become a mechanism for the Fish and Wildlife Service, our state partners, the Corps of Engineers, the Natural Resource Conservation Service, and others to come together to build a shared science capacity. This is going to allow us to make investments in a much more coordinated fashion so that we are starting to link the solutions of problems like hypoxia in the Gulf to farm bill incentive programs. This will allow us to get much more bang for the buck in terms of the public's investment in improving the river water quality, attacking challenges like Asian carp, and doing that in a much more coordinated fashion.

So that is exactly what we are trying to do.

Ms. McCollum. Mr. Chair, I would like to sit down and follow up with you folks on what is the big picture timeline here? What do people have to agree on? I think I stressed it pretty well, this is a working river. When I grew up, if it was quiet enough, I could hear the guys on the barges talk up the hill in my bedroom back in the day before we had air conditioning.

It is a working river, and it will continue to be a working river, but we are going to work the river to the bone, and we are going to destroy opportunities if we do not have an aggressive timeline here. I look forward to working with you to see how this works.

Thank you, Mr. Chair. Mr. SIMPSON. Mr. Cole.

TRIBAL PROGRAMS

Mr. Cole. Thank you, Mr. Chairman. I know we have got limited time and so some of these I may just submit for the record, but I wanted to, number one, first ask you just broadly speaking, I want to focus on the interaction between Fish and Wildlife Service and Indian Country. What is the impact of the 2012 budget on Indian Country, and what are the impacts specifically on tribal-related programs?

Dr. Gould. One of our hallmark programs that we are very, very proud of in the southwest specifically is our ability to work with tribal entities to develop youth involvement programs. There is a big emphasis in this budget on putting more youth to work and

that includes a very sizable program working with Native Amer-

ican youth.

The other program that we are supporting is our State and Tribal Wildlife Grants program, which we are proposing somewhere around \$90 to \$95 million. The largest portion of this money goes straight to the states, but also a portion of it goes directly to tribal restoration and recovery projects.

Mr. Cole. Now, I was going to ask you actually about that spe-

cific program.

Dr. GOULD. A \$1 million increase.

Mr. Cole. It is my understanding that the state funding is both formula and grant-driven.

Dr. GOULD. Right.

Mr. Cole. Tribal funding is only grant-driven.

Dr. Gould. That is correct, sir.

Mr. Cole. Is there any reason why there would not be a formula

component to tribal funding as well?

Dr. Gould. It is difficult to do. Tribes have different capabilities from one tribal entity to another, and as you are aware, there are over 500 recognized tribal entities out there. So what has to happen in a situation like that is we work through our tribal liaisons and the region to identify the highest priority areas where the most work can be done working with the entire community.

And then there is the submission of project proposals.

Mr. Cole. Just out of curiosity, and I do not know, and you may not know off the top of your head. When grants come in, what is the percentage of them that actually are ultimately funded and looked on favorably? I am just trying to get a feel for——
Dr. GOULD. I do not know that. We will have to get that informa-

tion for you, sir.

[This information follows:]

U.S. Fish and Wildlife Service State and Tribal Wildlife Grants (Competitive) FY 2008 - 2010 Funding Summary

State Wildlife Grants

Fiscal Year	Appropriation	Federal Funds Requested in Proposals	Number of Proposals Submitted	Number of Proposals Funded	% of Proposals Funded
2008	\$4,922,000	\$10,000,000	15	5	33%
2009	\$5,000,000	\$13,500,000	21	8	38%
2010	\$5,000,000	\$14,691,253	21	5	24%
Total	\$14,922,000	\$38,191,253	57	18	32%

Tribal Wildlife Grants

Fiscal Year	Appropriation	Federal Funds Requested in Proposals	Number of Proposals Submitted	Number of Proposals Funded	% of Proposals Funded
2008	\$6,184,000	\$16,970,473	105	38	36%
2009	\$7,000,000	\$16,104,933	102	41	40%
2010	\$7,000,000	\$21,848,058	136	42	31%
Total	\$20,184,000	\$54,923,464	343	121	35%

FISHERIES PROGRAM

Mr. Cole. I would appreciate that. Just one more, and, again, I know Mr. LaTourette has some questions and cannot get back, so I just want to ask one more. I learned a great deal about fisheries thanks to Mr. Dicks. We do not do a lot of fisheries in Oklahoma, but you have a \$12 million cut in the Fisheries Program, and that is a big deal to a lot of tribes actually, in different parts of the country.

What kind of impact that has on them, and was it disproportionate to the tribes as compared to the states, because I have heard some concern that when these cuts happened, the state programs tend to remain funded, the tribal programs are not funded, and they take the higger hit.

and they take the bigger hit.

I would like your observations on that.

Dr. Gould. To the best of my knowledge, I do not know any specifics, but to the best of my knowledge the cuts that were taken beyond the hatchery cuts were earmarks.

Mr. Cole. Well, of course, that does not mean it was a bad idea.

I yield back my time.

Mr. SIMPSON. Mr. Hinchey.

Mr. HINCHEY. Thank you very much, Mr. Chairman.

Mr. SIMPSON. I am going to try to get through both you and Steve before we go over. We have one vote.

EVERGLADES

Mr. HINCHEY. We will go very quickly. Thank you all very much for everything you are doing, and nice to have you down here from Alaska.

I thought I would mention something way down south and very warm. It is the Everglades and the Restoration Act that is going on in the context of the Everglades, which is very important. The Everglades is one of the most fascinating places that we have, a whole host of species of all kinds, and I understand a great number of species that are endangered there may not continue unless the work that you are doing is going to be successful. And, of course, the Everglades has been badly treated in the past, almost disappeared in some way in the past century, almost wiped out.

So the situation that you are engaged in there is very important. So I just wanted to ask you about it. I noted that in your budget that the Service has plans to establish a new wildlife refuge, as

well as a new headwaters conservation area.

So can you tell us about that, what the intentions are, what those plans are, and what you think they are going to achieve, and what we might do, what this subcommittee might do to participate

with you in the help of bringing about this completion?

Dr. Gould. Well, as you are aware, the overall goal is to create or recreate the river of grass, which allows all kinds of water quality and the kinds of economic benefit that comes from a very solid ecological environment. In the Everglades area, we are planning for expanded refuge capability up there, but they are not the kinds of refuges you really see normally. These are large areas where we work with private landowners and have conservation easements where we work with especially the large ranching community.

These conservation easements allow them to do what they do on their ranch and still keep them in the kind of condition that allows the country to have the kind of ecological benefit that is going to be important from the overall Everglades point of view, especially for endangered species that really count on that kind of environment for their existence.

This is a high priority for Secretary Salazar, extremely high priority. In fact, Dan has been involved in several projects with the

Secretary. He might want to comment.

Mr. ASHE. I would just say we are intimately involved in Everglades restoration, and it is probably one of the best examples of government agencies working together: us, the Corps of Engineers, the U.S. Geological Survey, the EPA, the NRCS, the State of Florida, and the South Florida Water Management District. Just excellent cooperation and a couple of weeks ago I was down there to a groundbreaking of a 55,000 acre wetland restoration project at the Picayune Strand, so lots of innovative, impressive work going on there.

The northern Everglades or the Everglades Headwaters Refuge Proposal is one of those exciting proposals where we are looking at the core of fee acquisition, a relatively small core of fee acquisitions, surrounded by easements that will protect working land-scapes. That is a model for conservation, and it is reflected in our budget proposal for this year. In proposals like the Flint Hills and the Rocky Mountain Front, we are really looking into that to be a model for conservation in the 21st century, with much more reliance on easements to protect working landscapes and working ways of life that also provide important opportunities for habitat conservation. So proposals like the northern Everglades or Everglades Headwaters are very exciting, and I think take us in a very positive direction.

Mr. HINCHEY. And so this is one of the main focuses of attention right now, and is something that is going to be upgraded to some extent by the end of this year and then over the course of the next

years.

Mr. ASHE. The success of that depends upon our partners in the Department of Agriculture. If that vision is going to become a reality, certainly the Land and Water Conservation Fund as a traditional source of funding for a project like that, but also continued support for the Farm Bill Conservation Programs. The USDA is going to be an absolutely essential element of that entire proposal.

Mr. HINCHEY. Well, thank you very much.

Mr. SIMPSON. Mr. LaTourette.

ASIAN CARP AND LACEY ACT

Mr. LATOURETTE. Thank you very much, Mr. Chairman. I will try and be brief. I just have two Great Lakes questions. One is the Asian carp. Courts in Ontario now are fining people up to \$50,000 for transporting live Asian carp over the U.S./Canadian border, and we are being urged to take a re-look at the Lacey Act and perhaps strengthen it.

The reason for that call is that, we are being told anyway, that it can take up to 4 years as the average, I guess, to put something on the list, and one, I would ask if that is true, and if it is true,

why does it take so long, and if it is true, what can we do about it to take a little less time?

In 2007, I think the agency listed the silver, the black, and the large-scale silver carp, but it was not until last December that the big head, you know, if I was in charge I think I would go big head first before the sort of benign things.

Dr. GOULD. Right.

Mr. LATOURETTE. But the big head was added in December. Clearly the Asian carp has the potential to be one of the biggest ecological disasters in the Great Lakes ever, so what can you tell me about the Lacey Act, should we give you additional resources, do you need additional resources, and can you speed up putting these bad things on lists?

Dr. Gould. I am not specifically aware of exactly where we are in the process, but I know that it is a priority for the Fish and Wildlife Service to get that species on the injurious species list, and unless Dan knows specifically where we are in the process, we will have to get that information for you.

[The information follows:]

ASIAN CARP: STATUS OF BIGHEAD SPECIES UNDER LACEY ACT

The Asian Carp Prevention and Control Act (Pub. L. 111–307) was signed into law on December 14, 2010, amending the Lacey Act (18 U.S.C. 42) by adding the bighead carp to the list of injurious animals contained therein. The statutory prohibitions and exceptions for this species went into effect upon signature into law. The Service will publish a final rule in the Federal Register on March 22, officially adding the bighead carp to the federal injurious wildlife list.

But it is a priority for the Service, and we agree with you 100 percent about the need to take that action. We are putting lots of resources, both resources from EPA and our own resources, in place to try to deal with keeping that species out of the Great Lakes.

Mr. LATOURETTE. Right.

Dr. GOULD. With the electric barriers and the monitoring that is going on. But we see this as a big, big problem for that area. It could be an ecological disaster, and we have got to do all we can do to stop it.

Mr. LATOURETTE. Well, I read some place that the Asian carp eats like 40 percent of its body weight a day, you know. I did that for awhile. It was not very good, but, obviously, it can destroy the

sports fishing industry.

The other thing that we heard and maybe you can get back to me on another day is that, I think you have \$2.9 million in this budget request to deal specifically with this issue. The other story that we are being told is of the money that is available for Asian carp efforts, only 5 to 8 percent of that actually makes it to the boots on the ground, taking care of the problem. So I would like to be dispelled of that rumor if it is not true, and if it is true, obviously, that is disturbing.

Dr. GOULD. That is disturbing. I was not aware of that, but we will make some telephone calls, because you are right.

[The information follows:]

ASIAN CARP: USE OF FUNDING

The Service is unaware of the basis for the rumor that only 5 to 8 percent of funding for Asian Carp control makes it to on-the-ground projects. Most of the funding the Service has for Asian Carp control comes from the Great Lakes Restoration Ini-

tiative within the Environmental Protection Agency's budget. This funding has a cap on how much can be used for administrative overhead. Furthermore, the Service, along with the other Federal and State agencies, has been very mindful of the need to react quickly to this threat and maximize on the ground efforts. The Service is a member of the Asian Carp Regional Coordination Committee, which is made up of Federal and State agencies. The Committee has developed a framework strategy for the control of Asian Carp and approves each agency project to ensure effective use of the funding and prevent overlapping efforts. The 2011 list of projects can be found at www.asiancarp.org.

Mr. LATOURETTE. Yes.

Dr. Gould. Most of those resources need to either get to the barriers themselves or the active monitoring that is going on or the sciences necessary to be more effective in identifying where a problem area may be and then attacking that area as quickly as possible.

Mr. LATOURETTE. I thank you very much. Thank you, Mr. Chairman.

Mr. SIMPSON. We have about 4 minutes to get over and vote, so we are going to do that right now. We are going to recess for a few minutes. We only have one vote, so it should not take us too long to get back, and I have a whole series of questions which should not be too tough.

We will be in recess for approximately 10, 15 minutes.

[Recess.]

Mr. SIMPSON. We will be back in order. Mr. Moran has to go to a VA hearing, I think, Appropriations hearing, and obviously members are headed off to different hearings. We got to do the first round of questioning, at least those members had the opportunity to ask their questions.

Ms. Lummis, I have got a series that I am going to ask but go ahead if you are ready.

ENDANGERED SPECIES ACT

Mrs. Lummis. Thank you, Mr. Chairman. Thank you for joining us today. My questions are going to be focused on the Endangered Species Act, and I am from Wyoming, so you can just about guess what I might want to discuss.

But let's start with a general question. I would like to ask the acting director, over the life of the Endangered Species Act how much money has been spent on management? Do you know?

Dr. GOULD. I do not have a specific answer to that question. We will have to get back to you.

Mrs. Lummis. Okay. Thank you. I would appreciate it if you would. I will submit these questions in writing so you have them in front of you.

What has been the practical result for your agency of the spike in listing petitions in terms of the employee hours spent and the funds expended as well?

Dr. Gould. As you are aware, we have been focusing a lot of our effort on litigation-driven decisions. That is based on the fact that we have a lot of involvement in the court system with the Endangered Species Act. There has been a considerable number of listing petitions that have been submitted in the form of multiple requests at one time. This, in effect, puts us in a position where we cannot

deal with these requests nor have any hope of being able to deal with them in a timely manner.

ENDANGERED SPECIES PETITIONS CAP

Mr. Ashe. I would just add that I think it has been more of a kind of redirection of effort as opposed to more hours. There are only so many hours in the day to work, so it has been a significant redirection of effort within the Service. But one of the things we are asking the subcommittee for in this year's proposal is to consider a cap on the amount we can spend to process petitions, and that would be an important aspect of helping us manage our endangered species more closely.

Mrs. Lummis. Would it work better if the decision to pursue a potential listing or at least to further a study regarding listing could be generated only by the agency itself rather than by the public?

Dr. Gould. Of course, the Act is configured the way the Act is

Mrs. Lummis. I might mention, though, that the authorization for this act expired in 1992, and that the authorization level that is the ceiling for authorization for the ESA is \$41,500,000, \$41.5

million, and the fiscal year 2012 request is \$282 million.

So here we are on a five X multiple of the total authorization amount with no end in sight. So I am wondering whether this committee should be working with the authorizing committee to authorize or reauthorize in a way that allows the agency to better manage listing requests and so these multiple requests at one time that overwhelm the agency's budget and personnel will not be dominating or driving the expenditure of funds. Rather you will be able to concentrate dollars and human resources within your agency on species that are actually recoverable.

Any comment on that?

Mr. ASHE. I would reiterate that the purpose of the listing cap we requested is to help us better allocate workload among basic endangered species activities such as listing, consultation, and recovery. We believe a petition cap would be helpful for us in managing that.

I think that the petition process itself is very compatible with American government in that the public has the opportunity to petition its government to take an action. In this case, for us to consider listing an endangered species. I think, in recent years, we have seen that the petition process has been beyond our ability to manage effectively, and we are asking the subcommittee to help us in part by considering a petition cap.

Mr. SIMPSON. Would the gentlelady yield for just a second?

How would a petition cap work? I mean, right now if there is a petition and it exceeds what you have appropriated for that amount, you have to take resources from other areas and look at the petition?

Mr. Ashe. Gary Frazer is our Assistant Director for Endangered Species, and perhaps Gary would be best able to give you the spe-

cifics about how that petition cap might work.

Mr. FRAZER. Thank you, Mr. Chairman. My name is Gary Frazer. I am the Assistant Director for Endangered Species. The way it works, because there are statutory deadlines associated with how we must process a petition, within 90 days we must make a determination as to whether the petition is substantial. Then if it is substantial, we must make a determination as to whether the petition action is warranted or not warranted or warranted but precluded within 12 months.

Those are deadlines that can be enforced. They frequently are enforced, and so the petition cap would serve to help us defend against lawsuits that are driving us to meet those deadlines. We can only do so much. We can only do as much as the funds appropriated by Congress allow us to do. By having a cap saying that Congress allows us to spend up to this amount of money for petition work, we would work up to that. Then we would essentially use that as our defense for not doing more, so that we can balance among the various duties that we have.

Mr. SIMPSON. If you do not change the underlying law, the au-

thorization law, how would a court look on that? Any idea?

Mr. Frazer. To the extent that we have had experience in this in the past, we have had caps in place for our listing program and for critical habitat designation within our listing program for a number of years. It has never really been brought to a head, but it has been lodged as a defense before. We view that as our most successful line of defense for maintaining balance among all of our endangered species program activities.

So the Appropriations Committee has been very helpful for us. Mr. SIMPSON. If you do a listing as listed but precluded, that is essentially saying I do not have the money to do it. Right?

Mr. FRAZER. That is what it means. Yes.

Mr. SIMPSON. Has that ever been challenged in court?

Mr. FRAZER. We do have many challenges to our precluded findings. Most of those challenges are still pending.

ENDANGERED SPECIES LAWSUITS

Mrs. Lummis. Thank you, Mr. Chairman, and a follow up to that

About how many lawsuits is the agency currently engaged in on ESA-related matters?

Mr. Frazer. Right now, on what we call a Section 4 of listing program activities, we have approximately 41 pending lawsuits.

Mrs. LUMMIS. No, you may not know the answer to this because it seems a mystery to a lot of people in government, but when your agency loses or settles an ESA case that results in a judgment or the payment of attorneys' fees, does the payment come from your budget or from the Treasury?

Mr. Frazer. It depends upon what statute is the basis for filing the complaint. If the complaint is filed under the Endangered Species Act, the provision in the Act is that providence for citizen suits to be filed and explicitly provides for reasonable attorneys' fees to be awarded. Those fees are paid out of the Claims and Judgments Fund, and DOJ administers that fund.

If the lawsuit is brought under another statute that does not explicitly authorize attorneys' fees to be awarded such as the Administrative Procedure Act, then the attorney fees, if they are awarded, come out of the agency funds, out of the Fish and Wildlife Service

budget.

Mrs. LUMMIS. And are you able to track those payments? Do you track those payments both under the ESA citizen suits and that

APA type of case?

Mr. Frazer. DOJ administers the Judgment Fund, so we do not separately track those awards. We track the funds that we ultimately have to pay out of the endangered species budget, and for the last 9 years they have averaged about \$200,000 per year. We do not lose many cases, but when we do, they can amount to substantial costs. Attorneys get paid well.

GRAY WOLF

Mrs. LUMMIS. Question for either Dr. Gould or Mr. Ashe. Do you believe the gray wolf in the Northern Rockies is a recovered species?

Dr. Gould. I will just start out by saying, yes.

Mrs. Lummis. Perfect. That is the answer that I was hoping. Now, what do you need from this committee to support negotiations taking place between yourselves and the governor of Wyoming?

Dr. GOULD. As you are aware, we have withdrawn an appeal regarding the lawsuit, regarding this very issue, because we truly believe that we can come to a common understanding of the kind of management plan that is necessary to deal with a wolf population

that we all agree is in good shape.

So what we are committed to doing, the Secretary and Dan Ashe, who has been very, very instrumental in dealing with the wolf situation, is to sitting down with Governor Mead and the State of Wyoming. We are confident that in a reasonably short period of time we can come up with a plan that will make biological sense and meet the needs of the State of Wyoming.

Mr. Ashe. Patience, maybe, is the one thing needed because the governor, as you know, Congresswoman, has to work with the legislature in this case. Our immediate discussions with the governor are going very well, but then he will need to work with the legislature and then we will need to work within our administrative proc-

ess.

So it is not going to happen overnight, but I think we are making

very good progress. I think we are on a good track.

Mrs. Lummis. I appreciate that, and I strongly, strongly encourage you to devote a great deal of time to that as frequently and as soon as possible, because in the long run it will save your agency money, it will save my state money, and it will save a huge amount of aggravation and frustration within the State of Wyoming. So I cannot more strongly stress my hope that you will make that a priority.

Mr. Chairman, I yield back.

Mr. SIMPSON. Just out of curiosity, in Wyoming if a state management plan is approved, it has to be approved by the legislature?

Mr. Ashe. Yes. The legislature has approved the previous Wyoming plan, and would have to enact any new plan that the governor might develop in cooperation with us. It is going to take an action by the state legislature to get to a submission of a new plan.

Mr. SIMPSON. As you know, in H.R. 1 we added language to effectively, essentially overturn Judge Malloy's decision, which the Ad-

ministration supported. It did not address Wyoming because they have not come to an agreement yet with Fish and Wildlife Service.

Mrs. Lummis. Mr. Chairman, I would beg to differ with that

statement, but go ahead and continue.

Mr. SIMPSON. If they come to an agreement on a state management plan with Wyoming, would that effectively overturn Judge Malloy's decision? Because did his decision not say, no, you cannot just separate Idaho and Montana, you have to include Wyoming also?

Mr. ASHE. Your legislation would allow us to get back to where we were in April of 2009.

Mr. SIMPSON. Right.

Mr. ASHE. With Idaho and Montana wolves de-listed and Wyoming wolves still listed.

Mr. SIMPSON. Right.

Mr. ASHE. And so as soon as Wyoming develops a plan that we can approve, then we can de-list the entire Northern Rocky Mountain distinct population segment of wolves. That is why we are, as we speak, engaged with the State of Wyoming to move in that direction. Governor Mead has been very forthcoming in working with us and expressing his concerns, but we have had very good dialogue. I think we are moving in a positive direction in Wyoming.

Your legislation would set the stage. It would get wolf management back into the hands of Montana and Idaho, where we have previously-approved state plans, and then put us on a course to get

a new plan from Wyoming that we could approve.

Mr. SIMPSON. And once the three states have an approved plan,

then it is time. Okay.

Mrs. LUMMIS. I do have a follow-up, Mr. Chairman. I would reiterate that Wyoming submitted a plan that was approved by the U.S. Fish and Wildlife Service.

Dr. GOULD. That is correct.

Mrs. Lummis. And so the subsequent disapprovals were not by the U.S. Fish and Wildlife Service. They were done in the courts

pursuant to litigation.

So the U.S. Fish and Wildlife Service pronouncement on the plan that the Wyoming legislature passed was to approve it, and by all measures the wolf is recovered. All measures, all three states. So that is why this issue continues to be a burr under the saddle of the State of Wyoming, as well as your states because of Wyoming's opinion of our plan, as reflected by the acting director and the deputy here today, was approved by the U.S. Fish and Wildlife Service based on sound science.

Mr. SIMPSON. But subsequently challenged in court.

Mrs. Lummis. Correct.

Mr. SIMPSON. And ultimately what I am trying to get back to is a state where Idaho can manage its wolves, and ultimately I think that is what we all want.

Dr. GOULD. That is correct.

Mr. SIMPSON. The states can manage the wolves.

Dr. Gould. Just one additional layer of complexity, we approved the Wyoming plan in 2007 that was stricken down. Our approval of that plan was stricken down in a decision by Judge Malloy in the Montana District. We disapproved Wyoming's plan in our 2009 de-listing rule and that was challenged by the State of Wyoming.

Mr. SIMPSON. And this is the one you have chosen not to—

Dr. GOULD. We got an adverse ruling in that case also from Judge Johnson in the Wyoming District, and so we essentially have two judges kind of telling us different things about Wyoming's plan.

That is why we decided not to carry this issue any further in court. We decided to get this out of court and get back into a discussion between professionals at the state and federal level. We believe we can get a plan that is acceptable to both Wyoming and the Fish and Wildlife Service.

Mr. SIMPSON. Good, because I think we all want the same thing here and that is to be able to have state management of the wolves, and anybody that believes we were going to reintroduce wolves into Idaho, Montana, and Wyoming and were not going to have some management of the wolves was living in a world that just does not exist.

There are people who do not want us to do anything with the wolves, and that, unfortunately or fortunately, is not going to be the situation, that we are going to have to manage them.

So I appreciate you working on that with me.

LANDSCAPE CONSERVATION COOPERATIVES

In your opening testimony you talked about the Cooperative Landscape Conservation Initiative as being about biological planning and information gathering. What concerns me is that the messaging reflects the policy that somehow biological planning and information gathering are simply two more tools that the Service is adding to its toolbox, while offsetting cuts elsewhere in the budget suggests that other tools are being taken out of the toolbox.

It seems to me that this initiative should be about the entire package of adaptive management, that is the application of science for biological planning conservation, project design and delivery, and outcome-based monitoring, all feeding back on one another.

Please take just a few moments to comment on that, and if I am correct in what I just said, and I know that this initiative is still in its infancy, but can you give me just an example of how land-scape conservation is changing the Service's approach to endanged species recovery?

gered species recovery?

Dr. GOULD. Based on your question, you understand very well what the Service calls strategic habitat conservation, which is land-scape conservation with adaptive management attached to it, exactly as you described it. In that process, the landscape conversation cooperatives provide us the initial information and planning to start making decisions. We will then monitor actions taken and make any kind of course corrections that are necessary. This approach will allow us to keep circling good decisions, good outcomes, monitor the outcomes, make better decisions. That is the adaptive part you were talking about.

The LCCs help us with the kind of initial good science information, monitoring and modeling that allows us to make decisions that we can eventually see if they work. It is not conservation delivery per se, but the beauty of the LCCs is the information that

is developed. The money that goes into the LCCs is for information. The information gathered is driven by the input from the steering committee for each LCC. They are our stakeholders. Our primary stakeholders are other federal agencies, the states, and other enti-

ties like Ducks Unlimited, who have a seat at the table.

The LCCs at least have a common understanding of the information needed. That is the beauty of the LCCs, because when you do make management decisions that you are going to adaptively monitor, everybody at least agrees on the science. Very often in the past that has been a stumbling block. You have got that common

Mr. Ashe. Specifically with regard to endangered species, I do not know so much that this approach will change the way we are dealing with endangered species. What it will do is allow us to take some of the very best examples and duplicate that much more con-

sistently across the landscape.

A good example is the grizzly bear. You are aware that this is another area where we are having momentary difficulty. I think the general notion of establishing a population objective across a large landscape and then doing the science that we need to understand the issues is needed—where do we need conservation, where are the threats to that species, and how are we going to address those threats, for example, female mortality in the grizzly bear population. How do we deal with that? One way is by educating outfitters and then another way is by dealing with the hot spots in terms of habitation mortality.

This LCC approach will allow us to do this more consistently across the landscape so that we are going to be much more effective at dealing with issues like sage grouse and lesser prairie-chicken and golden eagles. Some of these issues we can see coming. We can see those storm clouds on the horizon. The LCCs are going to allow us to do that much more consistently and much more effectively in

the future.

Dr. GOULD. In cooperation with our stakeholders and state part-

Mrs. Lummis. Mr. Chairman, may I interject.

Mr. SIMPSON. Sure.

ENDANGERED SPECIES LISTING AND RECOVERY

Mrs. Lummis. Thank you. With regard to what you just said, under what authority can the agency move the goalposts? When there is a recovery plan put forward, there are criteria which determine objectively when a species is recovered, and yet with the grizzly bear and the wolves and others, those goalposts get moved as

So species that by the objective criteria which were adopted at the time of listing have already been met, are no longer valid, and those species stay listed when they have, in fact, recovered by all criteria that were scientifically vetted at the time of the listing. How can that happen, and why does that happen, and under what authority does that happen?

Dr. GOULD. We have the authority to update recovery plans based on the best available science. The authority for a recovery plan is a local plan. Our regional directors sign those recovery plans, and if there is new information available, scientifically-valid new information, they are required to take that into consideration in listing decisions. In fact, to the best of my knowledge, with wolves, that has occurred. New information based on genetic population, moving, and other factors has caused other recovery criteria to become important. That has not diminished the fact that they are recovered, but there is new information, new considerations in the recovery planning process.

Mr. ASHE. I think in the case of, you know, our favorite subject, wolves, it is not so much that the bar has changed. Our recovery objective has remained the same, ten breeding pairs and 100 wolves per state by managing for at least 15 breeding pairs and at least 150 wolves per state. The recovery objective has remained the same.

What has happened is that people disagree with that recovery objective. As we have tried to de-list the wolf, we have to essentially put the machinery in reverse. We have to disprove and work backwards through the five listing factors in the endangered species list. People will challenge, and you know, have challenged the science on which we are basing those decisions.

ADAPTIVE SCIENCE

It is not so much that the recovery standard has changed, rather there are a lot of people out there that disagree that that is a valid recovery standard. That is the crux of the debate we have been having. The science that we are talking about, that we hope to develop through this landscape conservation cooperative network, will help us to better defend our decisions in the future.

Another example with grizzly bear is the effect of climate change on the availability of white pine nuts as a critical food supply for

the grizzly bear, and one of the reasons we lost-

Mr. SIMPSON. Grizzly bears eat nuts?

Dr. GOULD. Yes, they do. Mr. Ashe. Yes, they do.

Mr. SIMPSON. Oh, I thought they ate people.

Mr. Ashe. The science that we are talking about developing will put us in a better posture to defend our actions in the future.

Mr. SIMPSON. We are hearing from some of your partners who are concerned about budget cuts to Service programs that do the conservation, design, delivery, and monitoring so vital to the entire initiative. How much of the Service's funding under this initiative is returning to other Service programs as opposed to being outsourced to partners? How much of the funding is going into helping partners come to the table, particularly the tribes, and are Service programs having to write grant proposals or otherwise compete with external partners for Service funds?

Dr. GOULD. I do not have any specific dollar figures that I can really point to. If we can pull that information together, we will.

[The information follows:]

U.S. Fish and Wildlife Service State and Tribal Wildlife Grants (Competitive) FY 2008 - 2010 Funding Summary

State Wildlife Grants

Fiscal Year	Appropriation	Federal Funds Requested in Proposals	Number of Proposals Submitted	Number of Proposals Funded	% of Proposals Funded
2008	\$4,922,000	\$10,000,000	15	5	33%
2009	\$5,000,000	\$13,500,000	21	8	38%
2010	\$5,000,000	\$14,691,253	21	5	24%
Total	\$14,922,000	\$38,191,253	57	18	32%

Tribal Wildlife Grants

Fiscal Year	Appropriation	Federal Funds Requested in Proposals	Number of Proposals Submitted	Number of Proposals Funded	% of Proposals Funded
2008	\$6,184,000	\$16,970,473	105	38	36%
2009	\$7,000,000	\$16,104,933	102	41	40%
2010	\$7,000,000	\$21,848,058	136	42	31%
Total	\$20,184,000	\$54,923,464	343	121	35%

Mr. SIMPSON. Okay.

Dr. Gould. For 2012, we are planning on \$10.2 million to complete the LCCs and \$7.2 million for science. We are not putting a specific earmark on that money at all. The best person, entity, university, or coop unit, that can collect that information, that is who

the funding will go to.

It could be the Service collecting that information. It could be a coop unit. It could be Boise State. It is wherever the best expertise is for that sort of information. Only by doing that can we have, among the steering committee members some comfort. Comfort that the data collected is being collected in a way that is not biased and people can use and rely on it for a long period of time. We have not put any specific earmark for the Service on that money.

Mr. Ashe. Our people do not have to write grant proposals. The whole idea behind this is we are asking people to bring capacity and to manage that capacity as partners. When we bring our money to the table, we are essentially saying we are going to form a steering committee with our partners, and we are going to set

shared priorities.

The Service has a voice in how those monies will be directed, but we are asking the Forest Service, the BLM, the NRCS, and our state and NGO partners to bring resources to the table, too. It would be inappropriate for us to say we want our money spent on this or that. We are looking for shared priorities, and we think the Service will do very well in that context.

This is a model that we borrowed from the Joint Ventures. The Service has been a tremendous beneficiary from the work of the migratory bird joint ventures, and we have done that by relinquishing some degree of authority over the resources that we bring to the

table

Mr. SIMPSON. Okay. As many of you know, the Service tried and failed on a similar ecosystem effort back in the 1990s. In speaking with your partners my sense is that part of the problem back then was that new geographic assistant regional directors were hired in addition to existing program assistant regional directors and that there was no longer clear lines of authority.

With the addition of the headquarters and regional science advisors that report directly to the director and regional directors respectively, what is different administratively about this initiative

such that it will succeed where the other ones seem to fail?

Dr. Gould. The geographic ARDs, as they called them back in that time, were eliminated because it did not work. They were really focusing on conservation delivery, and you need to remember that conservation delivery is the responsibility of not just the Fish and Wildlife Service. It is also the responsibility of the state, other

federal agencies, and so on and so forth.

The primary difference between this new initiative is we are avoiding the turf battles that would result from us creating jobs that, on the face of it, would be usurping, at least in the views of others, the responsibility for them to do their work. We are avoiding that whole concept by saying everybody maintains their responsibility. The state still has to make the decision the states are responsible for. We are not presupposing we are going to cooperatively have a responsibility for their work.

What we are saying is at least we are working with a common scientific base. That is the basic difference and one of the reasons

why geographic ARDs did not work in the past.

Mr. SIMPSON. Do you think this new LCC will break down the stovepipes that traditionally exist in government agencies, and is everyone on board with this within the agency? What have the fisheries got to gain from this that are seeing, as Mr. Rogers said, a \$12.2 million reduction in their budget? What is the benefit to

them? What do they get out of this?
Dr. GOULD. I will turn that question over to Dan Ashe. I have to give him credit. This guy, as far as I am concerned, is kind of the father of this kind of concept. He really is the person that came up with the basic concepts of avoiding tensions between stakeholder partners based on creating the best science, then working forward on that premise, using the strategic habitat conservation process that you described. Dan has developed the Scientific Advisor role to the Director for the last few years.

This is an innovative process. It is the way we are going to have to approach conservation for the future. After I have tooted his horn a little bit, let me answer the question by saying that the Fisheries program, as you are aware, has created these kind of fisheries joint ventures, and these joint ventures have seen an advantage in working with the LCCs. They see it as a way to obtain

science so that we can do conservation delivery.

Many of the major joint ventures have actually adopted LCCs as a way to get the information they need to make their decisions. Fisheries are now looking at it the same way. National Fisheries Habitat Boards and other joint ventures and similar entities that are developing across the country are now seeing LCCs as a resource. A resource to collect the information they need so that they can collectively talk about setting resource priorities, not doing projects by random acts of kindness. This allows for the focusing of resources where they need to be. That is the beauty of the proc-

Mr. Ashe. The concept requires everybody to give a little, but with the idea that you are going to get more than you give. As we think about an issue like sage grouse, if we develop the capacity to see that 11-state landscape and work with our state partners, we could send work randomly across the landscape and not achieve

our end objective and still see sage grouse in decline.

What we need to do is hitch everybody to the same wagon so that we are all working together across that landscape to identify those core areas that are really going to be critical for the persistence of the sage grouse on the landscape and make the investment in those areas.

If you look at it from just the Fish and Wildlife Service perspective, you might say, well, we would rather spend the money at the national wildlife refuge, but the more important investment is for Dave White at NRCS to put investment in some of the key private landscapes or Bob Abbey at the BLM, to make necessary investments within the BLM land base.

What this is going to allow us to do is identify where the real priorities are, and then as a government make the decision. As partners we will make the decisions about who is going to make

those investments, and with aquatic resources I think that is absolutely essential. We are dealing with a group of species which on a whole are the most imperiled group of species in the world. We have to start making decisions much more collectively, not looking at those decisions from within the footprint of the Fish and Wildlife Service or the Corps of Engineers or a state fish and wildlife agen-

cy, but in a much more collective capacity.

Especially given the difficult financial situation that we are having, it is more important than ever that we are doing that. It does require everybody to kind of let go a little bit and not look at it from the standpoint of the Fish and Wildlife Service or the Fisheries Program or the Refuge Program or the Endangered Species Program within the Fish and Wildlife Service but look at it from the standpoint of what is the resource objective that we are trying to accomplish. Maybe the BLM is where we need to put the resources and get people to the place where they can actually make those kind of decisions.

LAND ACQUISITION

Mr. SIMPSON. Good. Let's talk about land acquisition for just a minute. We have got a \$53 million, 64 percent increase in land acquisition. Are the agency's acquisitions for parcels already fully or

mostly bordered by other federal lands?

Dr. GOULD. Yes. Our land acquisitions where we are doing fee title is primarily, almost exclusively, within the refuge boundaries as they exist. Only in one case, I think the Flint Hills, are we actually establishing a new refuge, and that project is, to the best of

my knowledge, all easements work.
So this land acquisition budget or LWCF money, which, of course, comes from offshore receipts, does not go against the budget deficit obviously, is going to make us more efficient in the work we do. We actually can be more effective dealing with access issues, prescribed burns, that sort of thing, when we do not have a checkerboard square way of our refuges being configured.

Now, what is important to remember also is that as we move forward with this process we are never, ever pursuing this approach without willing sellers. That is just the way we are doing business, and we are staying within our lines.

Mr. SIMPSON. As you are I am sure well aware, westerners get a little bit concerned when we start talking about land acquisition in states that are 64, 80 or whatever percent federal land already.

Dr. Gould. Yes.

NATIONAL WILDLIFE REFUGE FUND

Mr. SIMPSON. The impact that has on the state and the tax base of the state. National Wildlife Refuge Fund was essentially kind of a PILT payment for the National Wildlife Refuge.

Dr. GOULD. Yes.

Mr. SIMPSON. Sort of like the same thing?

Dr. GOULD. It is not quite the same thing, but the fund itself is zeroed out, and I think that is what you are getting to.

Mr. Simpson. Yes.

Dr. Gould. But our position is that the existence of those refuges is an incredible economic boom for that local area, and in these tight budget times we had to deal with that reality. PILT money, I think the counties are getting approximately 5 percent of the au-

thorized amount, somewhere in that area.

Mr. SIMPSON. PILT runs out in 2012? Expires at the end of 2012? And I am concerned that this is foreshadowing what might be happening with PILT payments by the Administration saying, well, gee, you have such a benefit of having Forest Service land or BLM land or whatever federal land in your area. That far offsets any

negative aspect of it.

But I will tell you Mr. Moran and I had a discussion on the Secure Rural Schools funding, and he was wondering why people in Virginia are paying for schools in the western United States, and so I just brought him some maps that showed the percentage of federal land owned in the east versus the west. It also showed what we would receive if those federal lands were actually paying the very minimum in tax that they could pay, how our per-pupil expenditure is less than it is here, and our tax burden of what we tax ourselves to pay for those schools is actually more than it is here. It is because we do not have a land base.

And so we get very, very concerned when we start looking at fully funding Land and Water Conservation Fund and acquire new lands and that kind of stuff. And, this fund, as I understand it, it is a little different as you said than PILT, but would essentially pay those counties, but the argument that while they benefit so much from having that wildlife refuge there that we should not have to make up the difference, I think is going to fall on some very skeptical ears among western members.

That program was \$14.5 million last year and is terminated this year. We will find that money somewhere. It might be in land ac-

quisition funds or something.

Mrs. Lummis. Mr. Chairman, I could not agree more. Every county I know in Wyoming would be happy to have taxes in lieu of payments.

Mr. SIMPSON. Yes, and they would be substantially better off, but I am not one who is opposed to public lands. I think public lands provide a benefit to people, and Idaho loves public lands. That is how we hunt and fish and outdoor recreate and everything else, but there is a balance here that when people want to tell us how we are going to manage public lands that never see them from the east, you know, and say these are all public lands, and we should have some say in it, well, there is some responsibility to also pay for it.

Mr. ASHE. I would say I think over the years this refuge revenue sharing has been very positive for the Fish and Wildlife Service and the Refuge System. I doubt there is a manager in the National Wildlife Refuge System who does not see the kind of transfer of that check every year as a positive with their local communities.

I think that, however, we have been asked in the context of the budget to look for things and to think outside the box. With that, our options are always limited and I know you are aware of that. But it is definitely one of those things where we have done numerous studies on the economic benefits of national wildlife refuges. They all indicate that refuges are a benefit to local economies con-

sidering the loss of income tax. So, it is an attempt to look at some

new ways of thinking about public lands.

Mr. SIMPSON. I hope this is not a precursor to what the Administration is looking at in the reauthorization of the PILT payments or elimination of the PILT payments, because in some counties, you know, when you have got a county that is 96 percent federal land, what the heck are they going to do?

Mr. ASHE. I am not aware that this is connected in any way to any larger Administration policy. In fact, in the past we had the opposite discussion about should the Refuge System be included in the PILT System as opposed to having an appropriated fund.

Mr. SIMPSON. Right. That is a legitimate discussion to have, I

Dr. GOULD. Just with the Refuge Revenue Sharing Act, and I do not know the date, this is very specific to that particular action.

LAKE LOWELL

Mr. SIMPSON. Okay. I want to bring your attention to a situation that is particular to southern Idaho and ask for your assistance in resolving what seems to be a completely unnecessary dispute between the people of Idaho and Fish and Wildlife Service.

As you know, the U.S. Fish and Wildlife Service's Deer Flat National Wildlife Refuge in Idaho's Canyon County is in the process of creating a new comprehensive management plan. The Deer Flat Wildlife Refuge is located on Lake Lowell, a manmade lake in southern Idaho. Lake Lowell was created over 100 years ago as an irrigation reservoir and remains in service for this purpose to this day. It has a long history of being utilized not only for irrigation purposes but as a recreational lake where water skiing, fishing, boating, and other uses are not only permitted but encouraged. Needless to say, Lake Lowell is an integral part of the social and economic life of southern Idaho.

Despite the fact that Lake Lowell is manmade, an irrigation reservoir, and a long-time recreational destination, Fish and Wildlife Service continues to hold onto the possibility that Lake Lowell could be closed to recreational uses in the future as part of a comprehensive management plan. The failure or unwillingness of Fish and Wildlife to take recreational curtailment off the table has caused a great deal of concern and controversy in Idaho's Treasure

Valley and rightfully so.

In fact, I have got in my possession a letter from the area's four state senators asking me to intervene in this matter legislatively if necessary to make sure that your agency does not move to end

recreational uses on Lake Lowell.

As a result of this hearing I would like to be able to tell these four senators that you will—I know that at a hearing like this I cannot ask you to commit to anything specific like that-but I would like to ask you to work with me to try to solve this problem in southeast Idaho because it is causing a great deal of consternation that does not need to be caused.

Do you believe that recreation and species conservation are compatible?

Dr. GOULD. Absolutely, and we will commit to work with you on this particular issue. It was actually a surprise to us that we had authority over the surface uses of that lake, and we came to that conclusion when we started into the CCP process. We have no intention of going through a process without recognizing the fact that this has been a recreational lake for as long as it has been in existence.

We will work with you to both recognize that fact and get to a position and get to a place where the local folks are comfortable with the management of both the refuge and how it is dealt with

and from a recreational perspective.

Mr. SIMPSON. We need to do that as quickly as possible because if you want to get a lot of people upset at a hearing, just bring up the issue, and it will bring up a lot of recreationalists out there that think that it is nuts. I am not saying that you have been unreasonable. I am just saying that they believe that.

Dr. GOULD. Potential. I understand.

Mr. SIMPSON. Yes, and so we want to work with you to solve this problem so that it can be used for the recreational uses it has for years and years and years and also serve as the wildlife refuge that is important to the area.

Dr. GOULD. Sure.

Mr. SIMPSON. I think we are pretty much finished here. I thank you for being patient and waiting during the voting process. Thank you for the work you do. I look forward to working with you in the future, and if there is anybody we can call on the other side of the rotunda, let us know. We would be happy to do so.

Thank you.

Hearing Questions for the Record (QFR) Hearing: Department of the Interior, Fish & Wildlife Service FY 12 Budget Oversight Wednesday March 16, 1:00pm Rayburn B308

Questions for the Record from Chairman Simpson

Cooperative Landscape Conservation (FY09: \$0; FY10: \$20M; FY11: \$20M; FY12: \$37M +87%)

Simpson Q1: Your opening testimony alludes to the Cooperative Landscape Conservation initiative as being about "biological planning and information gathering". What concerns me is that the messaging reflects the policy that somehow biological planning and information gathering are simply two more tools that the Service is adding to its toolbox, if you will, while offsetting cuts elsewhere in the budget suggest that other tools are being taken out of the toolbox.

It seems to me that this initiative should be about the entire package of adaptive management, that is: The application of science for biological planning, conservation project design and delivery, and outcome-based monitoring—all feeding back on each other.

Please take just a brief moment to comment on and correct, if necessary, what I've just said.

ANSWER: You are correct in stating that the Landscape Conservation Cooperative partnerships are, indeed, about the entire cycle of planning, design, delivery, outcome-based monitoring and identifying, prioritizing and supporting the appropriate research. These steps describe the full process of what we call Strategic Habitat Conservation (SHC), which is the foundation of the LCCs. It is important to recognize, though, that the LCCs themselves, (using the staff or funds allocated to individual LCCs) will not carry out all of these components. For example, the LCCs are not conservation delivery mechanisms. Rather, the partners with that responsibility and capacity, such as the State agencies, NGO's, and delivery programs within the Fish and Wildlife Service and other Federal agencies will handle conservation delivery. The LCCs will provide critical support for this delivery by creating a forum and process for partners to identify priority conservation issues, coordinate efforts, and define and fund science, data, and monitoring needs. Importantly, the LCCs will also find commonalities among programs such as the Joint Ventures, State Wildlife Action Plans, and National Fish Habitat Partnerships in order to create collaborative opportunities and leverage resources.

Simpson Q2: I know this initiative is still in its infancy, but can you give me just an example of how landscape conservation is changing the Service's approach to endangered species recovery?

ANSWER: The grizzly bear is an excellent example of how landscape conservation and endangered species recovery are leading to better on-the-ground conservation. The management of grizzlies includes landscape level concerns like ecosystem connectivity. As part of the LCC approach, the Service is leading an interagency State/Federal/Canadian effort to identify

connectivity enhancement opportunities for grizzlies and other wildlife in the Northern Rockies using GPS technology and computer mapping. This effort will allow managers to enhance opportunities for wildlife to safely move across the landscape. This will improve the resiliency of Northern Rockies ecosystems to climate change and other stresses.

Simpson Q3: We're hearing from some of your partners who are concerned about budget cuts to Service programs that do the conservation design, delivery and monitoring so vital to the entire initiative.

How much of the Service's funding under this initiative is returning to other Service programs, as opposed to being outsourced to "partners"? How much of the funding is going into helping partners come to the table—particularly the Tribes?

ANSWER: Landscape Conservation Cooperatives were developed to meet the unprecedented challenges confronting our natural resources. The Fish and Wildlife Service and the Department of the Interior anticipate that the need for multi-sector collaboration through LCCs will bring the financial and human resources of all interested parties to the table. As such, there is no expectation or "promise" that any single partner will be responsible for financially supporting other partners to participate in LCCs. Further, it is important to avoid the perception that a partner will only participate if they are paid to do so. However, there is an acute awareness that potential participants have varied levels of financial resources. Where important parties are unable to participate in significant meetings (e.g., steering committee) due to financial constraints, the Fish and Wildlife Service will work among LCC partners to secure resources to enable key partners to be at the table.

All partners, including the other Service programs, benefit from the work of LCCs. Studies funded by LCCs and conservation plans and targets developed by LCCs will inform the other Service programs and provide them with better information with which to make decisions. It will also assist with coordination of scarce conservation resources so that conservation efforts can be strategically applied for maximum impact.

Simpson Q4: Are Service programs having to write grant proposals or otherwise "compete" with external partners for Service funds?

ANSWER: Generally, the LCCs handle project funding in one of two ways. If a specific project is identified and a governmental agency partner (e.g., such as USGS or a program within the USFWS) can best accomplish the work, or has the expertise to manage the project, the funds are directly transferred to that program without competition. In other cases, when research needs are more broadly defined and there are multiple potential research organizations, the LCCs may develop a call for proposals and run through a typical grant process using Grants.gov.

In FY10, many of the science projects funded through the LCCs were identified as existing priorities of various Service programs or partnerships like Joint Ventures. LCC support did not replace existing funding sources but instead was used to address science needs that would otherwise have remained unmet. For example, the Plains and Prairie Pothole LCC funded a project to complete a vital National Wetland Inventory for the Northern Great Plains. This work

could not have been completed with existing funding available in the NWI program or from State partners. The California LCC funded multiple projects to support the San Francisco Bay and Central Valley Joint Ventures in their efforts to develop realistic scenarios for climate change impacts on important bird habitats.

Simpson Q5: As many of you all know, the Service tried and failed on a similar ecosystem effort back in the 1990's. In speaking with your partners, my sense is that part of problem back then was that new geographic assistant regional directors were hired in addition to the existing program assistant regional directors, and that there were no longer clear lines of authority.

With the addition of the headquarters and regional Science Advisors that report directly to the Director and Regional Directors, respectively, what is different administratively about this initiative such that it will succeed where the other one failed?

ANSWER: The effort in the 1990's was materially different from what we are doing now with the LCCs and the Assistant Regional Directors for Science Applications (ARD-SA). The 1990's effort was centered on reorganization across the agency to put all field-level stations under the direction of a single eco-regional Assistant Regional Director. Programmatic funding was redirected to address "ecosystem" goals without adding science or planning capacity to develop new goals or strategies that integrated the existing mission areas of the Service, like Refuges, Fisheries, Migratory Birds, etc. Importantly, the LCCs and ARD-SAs are an addition to the existing regional structure and add critical new capacity. The creation of the ARD-SAs is in response to the FWS need to better integrate science at all levels throughout the agency and to work with our partners to ensure that science is both targeted and efficient in development.

Simpson Q6: Isn't the Service creating another layer of program administration, and if so, why is this necessary?

ANSWER: The LCCs are not a new layer of program administration; rather they are for coordination and development of science information and capacity as identified by the partners of the LCC. Program administration will continue just as it has in the past, but will have the benefit of the availability of information from the LCCs.

Simpson Q7: Aren't there any economies of scale that can be and are being realized, such as with grants processing and administration?

ANSWER: The LCCs will certainly use existing channels and processes for management and administration of grants, i.e., Grants.gov, for the broad advertising of grant opportunities. The LCCs are actively working towards processes to coordinate information on tracking grants and other projects so that they can be compiled with other information to develop a more complete and accurate assessment of work being accomplished through multiple agency efforts.

Simpson Q8: Is it fair to say that **every one** of the Service programs is taking steps to align itself with the Cooperative Landscape Conservation model? Do you think you are successfully breaking down programmatic stovepipes?

ANSWER: One of the fundamental goals of any landscape approach is to work across jurisdictional, administrative, and geopolitical boundaries. LCCs are making excellent progress in attaining this goal, but certainly have challenges ahead of them. It's important to recognize that the LCCs are still new with many only recently holding their first steering committee meeting and several without permanent staff. It is clearly the goal of the Service to engage all programs as appropriate in the LCCs, and Service leadership is committed to making this happen.

Furthermore, the Department of the Interior is engaged in concerted efforts to bring all Bureaus into the LCCs and use them as a vehicle for coordinating programs at the landscape level. Ultimately, though, to be fully successful, engagement with this type of approach must be embraced throughout the Federal agencies, by our State partners, and the conservation community as a whole. Indeed, a landscape approach must also include many other human needs and impacts such as transportation planning and other land use activities. It is our hope that the LCCs will be able to provide valuable services to these other communities of interest as they work to fulfill their objectives in a way that better recognizes the value of natural resources and all of the values and services that they provide.

Simpson Q9: How does a program like Fisheries, which is facing a \$12.2 million proposed cut in FY12, embrace the Cooperative Landscape Conservation initiative? What is literally "in it for them"?

ANSWER: In its 140-year history, the Fisheries Program has undergone numerous transformations to meet the changing needs of the American people. The Cooperative Landscape Conservation initiative serves the national interest in fostering a 21st Century approach to conservation, and includes contributions of the Fisheries Program as an integral component of the initiative. Fisheries stakeholders and the nation's fisheries resources will benefit from the science-based, coordinated, and accountable approach employed across boundaries of jurisdiction and land ownership to conduct biological planning and conservation design at a landscape scale embodied in the Cooperative Landscape Conservation initiative.

For example, the Service is a leader in national initiatives to conserve aquatic habitats for the benefit of trust species and fisheries, including The National Fish Habitat Action Plan (NFHAP). NFHAP involves thousands of people and organizations at national, regional, and local levels in assessing the condition of fish habitats, prioritizing conservation actions, and delivering on-the-ground conservation projects. The most recent NFHAP assessment of aquatic habitats across the nation provided a flexible, scalable national framework for scientific information, but it also identified major gaps in information needed to measure future progress and to set conservation priorities at a landscape scale. This information coupled with new data and modeling capacities from the Landscape Conservation Cooperatives, provides a very solid framework in addressing fisheries conservation issues.

Land Acquisition (+\$53M; +64%)

Simpson Q10: I'm aware that habitat loss is the leading cause of declining fish and wildlife, so I understand the need to have land acquisition as a conservation strategy—and the flexibility to acquire lands either in fee simple or in easement.

But the problem as I see it is this: National Wildlife Refuge lands in the Lower 48 comprise less than 3% of the total land base. How much land is needed? What's the goal here? While the official line is "quality over quantity", there are those that would have us to believe that the real answer to both questions is: "As much as possible." That cannot be our strategy.

The simple fact is that the Service needs to cooperate with all landowners if it is to succeed.

Are the agency's acquisitions for parcels already fully or mostly bordered by other federal lands? If not, then how can you claim that acquisitions save money on maintenance and enforcement?

ANSWER: First it is important to note that moving away from a mindset of "as much as possible" is one of the principal goals of our Strategic Habitat Conservation approach. We set priorities through a rigorous, science-driven framework for conservation—built around explicit conservation objectives. In addition, Service policy is to acquire land within approved acquisition boundaries. Normally, land to be acquired borders land that is currently part of the Refuge System. In some instances, land to be acquired within the Service-approved boundaries borders other government agencies' land. Funds are saved when the Service has contiguously-owned land within the approved acquisition boundaries.

Examples of savings are:

- 1) Reduced fencing and boundary marking inside the Refuge approved acquisition boundary
- 2) Reduced access time for law enforcement to reach various sections of the Refuge
- 3) Reduced issues of boundary enforcement related to allowed hunting areas
- 4) Reduced time and mileage to move maintenance crews and heavy equipment to various sections of the Refuge without traveling on highways or crossing private lands not owned by the Service but located within the approved acquisition boundary.

National Wildlife Refuge Fund (NWRF) (-\$14.5M; Termination)

Simpson Q11: I'm particularly concerned by Interior's proposal to terminate the National Wildlife Refuge Fund, which, like the PILT mandatory program, compensates counties for their loss of tax dollars as a result of the acquisition of additional federal lands. PILT expires at the end of FY12. I question whether this Administration's proposal to terminate the discretionary side of the National Wildlife Refuge Fund is a sign of things to come as this Congress considers the reauthorization of PILT.

Please clarify which National Wildlife Refuge lands qualify for mandatory PILT payments, and which Refuge lands qualify for discretionary NWRF payments. Are the two categories mutually exclusive?

ANSWER: Only Service lands that are withdrawn from the public domain qualify for PILT payments. If withdrawn lands have compatible economic use activities, NWRF payments may be received in addition to PILT payments. The PILT payment is reduced by the NWRF payment.

Service lands acquired in fee title are eligible for NWRF (Revenue Sharing payments). Lands under conservation easement do not qualify for NWRF payments.

Simpson Q12: What is the rationale for terminating the National Wildlife Refuge Fund?

ANSWER: The NWRF is not being terminated. The budget eliminates the discretionary funding contribution to the National Wildlife Refuge Fund. The mandatory receipts collected and allocated under the program would remain a source of revenue for counties.

The President's Budget eliminates the discretionary portion of the fund as National Wildlife Refuges have been found to generate tax revenue for communities far in excess of tax losses from federal land ownership. National Wildlife Refuge lands provide many public services, such as watershed protection, while placing relatively few demands on local governments for schools, fire, and police services. National Wildlife Refuges bring a multitude of visitors to nearby communities, which provide substantial economic benefits. Hunters, bidwatchers, beach goers, hikers and others bring money into local economies, generating millions of dollars in tax revenue to local, county, state and Federal levels. For example, nearly 35 million people visited national wildlife refuges in 2006, creating almost 27,000 private sector jobs and producing about \$543 million in employment income, based on a 2006 economic analysis conducted by the Service, Banking on Nature: The Economic Benefits to Local Communities of National Wildlife Refuge Visitation.

Simpson Q13: What evidence do you have that National Wildlife Refuges generate more revenue for surrounding counties than National Parks, National Forests, or BLM lands?

ANSWER: An economic analysis comparing other Department of the Interior and Department of Agriculture agencies' revenue has not been performed. A 2006 economic analysis conducted by the Service, Banking on Nature: The Economic Benefits to Local Communities of National Wildlife Refuge Visitation, is based on the economic effect National Wildlife Refuges have on local communities. The analysis includes the support 'ecotourism' provides to local economies from non-consumptive uses of the natural environment (wildlife observation and photography). Refuges provide affordable recreation for local communities. The analysis found that visitors coming from outside the local Refuge area account for 87 percent of expenditures made in the local economy. The analysis does not provide any evidence that Refuges generate more revenue for surrounding counties than National Parks, National Forests, or BLM lands.

Idaho Bull Trout Decision

Simpson Q14: I am concerned that decisions coming out of the Service aren't well coordinated between agencies. For example, local officials in Idaho are frustrated that the Service's final rule on bull trout critical habitat has placed an extra burden on the BLM, making it nearly impossible for the BLM to complete work on grazing permits and other responsibilities for which my constituents depend on the agency.

Do you consult with other bureaus including the BLM and Forest Service before and after rules are issued?

ANSWER: The Department encourages its Bureaus to resolve issues as close to the field office level as possible. During the designation process for bull trout critical habitat, the Fish and Wildlife Service ensured multiple opportunities to coordinate with other Department of the Interior bureaus. For example, the Fish and Wildlife Service's Pacific Regional and field offices met with other Interior bureaus numerous times in several forums to discuss the designation. Furthermore, prior to publication of the proposed rule, the Fish and Wildlife Service shared the draft proposed with other Interior bureaus and incorporated edits to address those agencies' concerns.

Interior bureaus also had an opportunity to review the proposed rule in January 2010 during the public comment period. Both BLM and the Bureau of Reclamation provided comments. All comments were reviewed and the Service modified the final rule as appropriate. Finally, in September 2010, for the official review by the Office of Management and Budget, BLM and other Interior bureaus were given an opportunity to review the draft final rule. The Service made revisions to the October 2010 Final Rule based on comments from these Interior bureaus and others

Simpson Q15: If so, do consultations take place at every organizational level, including the field, the region, and headquarters?

ANSWER: The Service does consult at various organizational levels before and after rules are issued. Prior to issuance of the bull trout rule, the Fish and Wildlife Service's Pacific Regional and Field offices met with other Department agencies numerous times in several forums to discuss the designation. Furthermore, prior to publication of a proposed rule, the Fish and Wildlife Service often share a draft of the proposal with other agencies that could potentially be affected by the proposal, and incorporate their concerns. After publication, the Fish and Wildlife Service's offices at the Field, Regional, and Washington level continue to coordinate with agencies to address questions and concerns that may arise.

In Idaho and other western states, the Service's section 7 streamlining teams efficiently conclude consultations and other section 7 issues by communicating on a regular basis to promote early planning. The Idaho Fish and Wildlife Office has streamlining teams working with the BLM on a regular basis across the State of Idaho. At the field level, these teams have been consulting on bull trout issues prior to the issuance of the rule and have continued to consult after the rule was published.

Simpson Q16: Do you take into account the impact of your decisions on other bureaus and their budgets?

ANSWER: When the Service designates critical habitat for a species we are required to conduct an economic analysis. In an economic analysis for a proposal of designation of critical habitat we calculate what additional costs of the designation would be incurred by other bureaus and the public. In the case of bull trout critical habitat, the Service determined that the additional costs would be minimal.

Simpson Q17: How can we work together to alleviate the increased burden that the bull trout rule has placed not only on the BLM but on counties in my state?

ANSWER: The economic analysis for bull trout critical habitat designation indicated that the incremental costs of critical habitat would be minimal, and that a significant financial burden would not be placed on BLM, other Federal entities, or counties due to this designation. The economic analysis indicated the primary costs would be borne by Federal agencies through the need to consult on proposed projects in accordance with section 7 of the Endangered Species Act. This cost was estimated to be \$5-7 million per year over the entire range of the species, which encompasses portions of five states. This cost estimate reflects both the administrative costs due to re-initiations of consultation, costs of new consultations in currently unoccupied habitat, and includes possible incremental project modification costs.

As most of the designated habitat is already occupied by bull trout (96 percent), Federal agencies have already completed consultations with the Service to avoid jeopardy to the species, and need only reinitiate consultations to ensure their activities do not result in adverse modification of habitat. The cost of re-initiation of consultation is minimal, and the Service is working with cooperating agencies and departments to streamline the process in order to hold down costs and reduce the time required.

Based on the economic analysis, the Service determined there would be little financial burden on counties due to the increase in costs associated with actions that are conducted, funded, or permitted by Federal agencies. If there are actions that could potentially affect a county, the Service would work with local entities to limit the burden to them, most likely through the Service's consultation streamlining teams.

Currently the Service has various consultation streamlining teams working with Federal agencies. In Idaho and other western states, these teams efficiently conclude consultations and other section 7 issues by communicating on a regular basis to promote early planning. The Idaho Fish and Wildlife Office has streamlining teams working with the BLM on a regular basis across the State of Idaho. The main purpose of these teams is to reduce the likelihood of conflicts between listed species or critical habitat and proposed actions, which ultimately promotes the conservation of listed species.

Grizzly Bears

Deputy Director Ashe, as I mentioned during my opening statement, the Agency doesn't have a stellar record of recovering endangered species. There are, however, exceptions to that, and I think it is important that we recognize those successes by delisting species when they have reached the scientific recovery goals set out.

In 1993, the Service put into place a recovery plan for grizzly bears introduced into the Greater Yellowstone Area. By all counts, this recovery has been remarkably successful—to the point that in 2010, 250-300 complaints of grizzly bears killing livestock were registered with the Forest Service and State fish and game agencies. There are currently at least 600 bears in the Greater Yellowstone Area, which means that the recovery area is now saturated and we can no longer move the animals to areas where they will have less impact.

Simpson Q18: It appears to me that recovery of these animals has been successful and that delisting should be imminent. Knowing that the decision by Judge Molloy has delayed implementation of State management plans, can you update me on the status of this recovery effort? What steps still need to be taken so that we can allow States to take over management of this species?

ANSWER: The Yellowstone grizzly population was delisted in 2007. The Federal District Court in Missoula (Judge Molloy) overturned the delisting of the Yellowstone grizzlies in 2009. The DOI and the DOJ strongly disagreed with the decision of the District Court. This decision has now been appealed to the Ninth Circuit. A decision is expected in 6-12 months. If the Ninth Circuit overturns the District court decision, then the Yellowstone grizzlies will once again be delisted and State management plans will be in effect. If it is not overturned, the next step would be to consider an appeal to the Supreme Court.

Simpson Q19: Does FWS have a policy in place for managing these bears?

ANSWER: The Yellowstone grizzlies are currently being managed under the Yellowstone Grizzly Bear Conservation Strategy until the Ninth Circuit decision is rendered.

Simpson Q20: As bear populations have increased, management has become complicated for all agencies involved. How is the Fish and Wildlife Service coordinating with the Forest Service, State fish and game agencies, and other stakeholders to address concerns caused by robust population growth?

ANSWER: The FWS works closely with State and Federal agencies to carefully manage the Yellowstone grizzly population and to assist these agencies in their funding responsibilities to manage this recovered population.

Deer Flat National Wildlife Refuge

Deputy Director Ashe, I want to bring to your attention a situation in southern Idaho and ask for your assistance in resolving a completely unnecessary dispute between the people of Idaho and your agency.

As you may know, the US Fish and Wildlife Service's Deer Flat National Wildlife Refuge in Idaho's Canyon County is in the process of creating a new comprehensive management plan. The Deer Flat Wildlife Refuge is located on Lake Lowell, a manmade lake in southern Idaho. Lake Lowell was created over 100 years ago as an irrigation reservoir and remains in service for this purpose to this day. It has a long history of being utilized not only for irrigation purposes, but as a recreational lake where water skiing, fishing, boating and other uses are not only permitted, but encouraged. Needless to say, Lake Lowell is an integral part of the social and economic life of southern Idaho.

Despite the fact that Lake Lowell is manmade, an irrigation reservoir, and a long-time recreational destination, your agency continues to hold on to the possibility that Lake Lowell could be closed to recreational uses in the future as part of the comprehensive management plan. The failure, or

unwillingness, of your agency to take recreational curtailment off the table has caused a great deal of concern and controversy in Idaho's Treasure Valley – and rightly so. In fact, I am holding right here a letter from the area's four State Senators asking me to intervene in this matter, legislatively if necessary, to make sure that your agency does not move to end recreational uses on Lake Lowell. As a result of this hearing, I would like to tell these four State Senators and the people they represent that their concerns have been heard and that recreational uses on Lake Lowell will be protected.

Simpson Q21: With all of this in mind, can you tell me if you believe that recreation and species conservation are compatible?

ANSWER: We believe that recreation and species conservation can coexist, as demonstrated by the wide variety of wildlife-dependent recreation activities that occur on National Wildlife Refuges across the country.

Simpson Q22: Second, can you commit to me right now that recreational uses will continue on this manmade lake under the new comprehensive management plan?

ANSWER: We are currently developing a Comprehensive Conservation Plan for Deer Flat NWR with extensive public involvement. However we must complete our planning process before we can determine the type and extent of recreational uses that will continue on the refuge.

Simpson Q23: Finally, will you work with me and your agency staff at the Refuge to re-assure the people of southern Idaho that your agency supports the continuation of recreational activities on Lake Lowell and commit to protecting recreational uses in the preferred alternative for Deer Flat National Wildlife Refuge's revised comprehensive management plan?

ANSWER: We will work with you and your staff and with all interested parties in the planning process to provide wildlife-dependent recreational opportunities to Deer Flat NWR visitors so long as those activities are compatible with the purposes for which the refuge was established. This is consistent with the National Wildlife Refuge System Administration Act of 1966 (Administration Act) as amended (16 U.S.C. 668dd-ee) which states that: "compatible wildlife-dependent recreation is a legitimate and appropriate general public use of the System," and that these uses "should be facilitated, subject to such restrictions or regulations as may be necessary, reasonable, and appropriate."

Spotted Owl Recovery Plan

Significant concern exists within the Congress regarding the Fish and Wildlife Service's (FWS) draft revised Spotted Owl recovery plan. The Committee is interested in receiving any empirical or modeling evidence the FWS has to show that additional habitat restrictions on federal and non-federal lands will lead to increased spotted owl populations.

Simpson Q24: Please provide the committee with the following information:

Models of spotted owl populations with and without Recovery Actions 10 and 32, estimating effect, if any, on current population declines, including:

- Separate models with and without the influence of the barred owl;
- Separate models with and without habitat contribution from private land;
- Separate models of population trend benefits of Recovery Actions 10 and 32 to display the incremental benefits of each;
- Separate models of population trend benefits from Recovery Actions 10 and 32 with and without the current Late Successional Reserve (LSR) system to display the incremental benefit of the LSR system;
- Estimated annual budget for a barred owl control program and modeling results on how such a program would affect spotted owl population trends.

ANSWER: We have recently responded to similar questions from Chairman Hastings and other members, and we appreciate this opportunity to clarify the status of these efforts. To address some of these concerns, the U.S. Fish and Wildlife Service (Service) will soon announce a reopening of a 30-day public comment period to allow additional public review and comment on the habitat modeling framework described in Appendix C of the Draft Plan, starting mid-April through mid-May. Once this comment period is closed, these materials will have been made available to the public for review and comment for up to 120 days. Preliminary modeling analysis and information regarding barred owls, Late Successional Reserves, and Recovery Action 10 of the Draft Plan is attached to this response and was made available to the public on or about December 1, 2010, at the Service's Oregon Fish and Wildlife Office website. This information, in addition to the updated and expanded version of Appendix C that will be available for public comment, represents all of the existing modeling analysis that is responsive to your request. Please let us know if you would like to receive hard copies of this material.

Barred Owls

• Separate models with and without the influence of the barred owl;

Figures 1-5 of the attachment display the results of various scenarios "with" and "without barred owl influences." It is important to note that these preliminary analyses were conducted on a simulated spotted owl population to test and refine the modeling framework in Appendix C and do not represent conclusive findings on any specific recovery question at this time.

 Estimated annual budget for a barred owl control program and modeling results on how such a program would affect spotted owl population trends.

Successful management of barred owls on all land ownerships is the most pressing short-term recovery need for the spotted owl. The Draft Plan is unequivocal on this point, and fully one-third of the total number of recovery actions in the Draft Plan are targeted to the barred owl management issue. Our determined effort to move forward to address this controversial but pressing issue will result in our publishing a draft Environmental Impact Statement (EIS) this year. The Draft Plan estimates management costs to be approximately

\$600,000 per year, but a final estimate is dependent on what alternative is eventually selected and implemented once the EIS and public review process is complete.

Private Lands

Separate models with and without habitat contribution from private land;

Figures 3-5 of the attachment display results show scenarios for "public lands" and "all lands", which would include private lands. Again, similar to the barred owl discussion above, these preliminary analyses were conducted on a simulated spotted owl population to test and refine the modeling framework in Appendix C and do not represent conclusive findings on any specific recovery question at this time.

The Draft Plan identifies the potential for some private lands to contribute to the recovery of the spotted owl. This general recommendation is based on the best available science regarding the need to conserve occupied and high quality nesting habitat throughout the species' range. However, the Draft Plan does not make specific recommendations or restrictions for how those lands should be managed and suggests instead a collaborative process with each of the three respective States. In Washington, for example, the Draft Plan recommends an evaluation by the Washington State Forest Practices Board. Likewise, in Oregon, the Draft Plan recommends that the Service work with the Oregon Department of Forestry and interested stakeholders such as timber producers and small woodlot owners to assess what additional measures should or should not be taken to improve recovery of the spotted owl. The Draft Plan also emphasizes non-regulatory solutions to spotted owl recovery wherever possible, such as the first-ever State-wide Safe Harbor agreement for the spotted owl completed last year; this agreement provides regulatory assurances to small forest landowners in Oregon who participate in spotted owl recovery.

Recovery Actions 10 and 32

 Separate models of population trend benefits of Recovery Actions 10 and 32 to display the incremental benefits of each;

Figures 3-5 of the attachment "Round 3" display one potential way for evaluating how Recovery Action 10 may contribute to spotted owl recovery. However, these preliminary analyses were conducted on a simulated spotted owl population to test and refine the modeling framework in Appendix C and do not represent conclusive findings on any specific recovery question at this time.

It is important to note that the revised Draft Plan makes no specific recommendations for Recovery Actions 10 or 32 based on the modeling analysis provided in Appendix C. Rather, the modeling effort was initiated in response to scientific peer review comments on the 2008 Recovery Plan in an effort to provide State, Federal, and private land managers with a series of tools they can utilize to better inform their subsequent scientific and planning decisions. The modeling framework was developed subsequent to the

recommendations contained in Recovery Actions 10 and 32, and the Service has utilized the most current scientific studies in formulating these recommendations. One of the most significant studies is entitled, "Population Demography of Northern Spotted Owls" by Forsman *et al.*, scheduled to be published by the Cooper Ornithological Society in July 2011, as No. 40 in Studies in Avian Biology. It is currently available at the Regional Ecosystem Office website in Portland, Oregon. Please let us know if you would like to receive hard copies of this material.

Regarding Recovery Action 32, there is no modeling analysis available due to the nature of Recovery Action 32 habitat. As described in the Draft Plan (pg. 70), Recovery Action 32 habitat are often small, patchy subsets of suitable spotted owl habitat, and its identification relies on local, site-specific evaluations of stand structure conducted by interagency field staff engaged in on-site, project level evaluations. Recovery Action 32 is originally derived from the expert scientific panels involved in the development of the 2008 Recovery Plan, and was retained in this revised Draft Plan.

 Separate models of population trend benefits from Recovery Actions 10 and 32 with and without the current Late Successional Reserve (LSR) system to display the incremental benefit of the LSR system;

Figures 3-5 of the attachment display the Northwest Forest Plan (NWFP) scenario, which would include consideration of LSRs and other reserves associated with the NWFP (e.g., National Parks and Wilderness). However, as mentioned earlier, these preliminary analyses were conducted on a simulated spotted owl population to test and refine the modeling framework in Appendix C and do not represent conclusive findings on any specific recovery question at this time.

See Attachment

Spotted owl population modeling preliminary results using the HexSim Population modeling program

As part of the Draft Revised Recovery Plan modeling process, we have continued the modeling effort described in Appendix C of the Draft Plan, simulating population response using the individual-based population modeling program HexSim. The population simulations shown here represent preliminary evaluations of the HexSim model parameters; we anticipate changing these parameters based on review of the first few models runs. In addition, the habitat/barred owl scenarios described below are intended for model testing and are not intended to represent realistic or proposed reserve designs. Though still in draft stage, these are the population response simulations from this portion of the modeling process. These simulations do not represent estimates of what will occur in the future, but provide comparative information on potential population responses to different habitat conservation scenarios as described in the draft revised recovery plan. Some of the exploratory habitat conservation scenarios were derived using the Zonation modeling program and are depicted as "Z30all," "Z50pub,"etc. Z30all indicates a conservation network derived by Zonation that captures the best 30% of habitat value (derived from the Step 1 habitat modeling results) on all lands within each of the 11 modeling regions comprising the range of the spotted owl (see Table 1 below). Z50pub indicates a conservation network derived by Zonation that captures 50% of the habitat value with emphasis on habitat value occurring on public lands (see Table 1 below). The three rounds reflected in these results represent different scenarios we evaluated as follows:

In **Round 1** the RHS values remained constant for the entire 250 time-steps and are modeled with and without the currently estimated influence of barred owls. When barred owl influences are included they are inserted at time-step 40 and their influence is held constant from time-step 40 through time-step 250. This round includes no habitat reserve scenarios.

In Round 2 we evaluate 10 different reserve scenarios where we keep RHS constant within the reserves, but reduce RHS to a maximum value of 34 outside of reserves making this area unsuitable for spotted owl reproduction, but suitable for spotted owl dispersal and foraging. This allows us to evaluate a strong reliance on reserves, both with and without barred owl influence. Barred owl influences are inserted at time-step 40 and are then held constant through time-step 250, whereas habitat changes are inserted at time-step 50 and then held constant through time-step 250.

Round 3 is nearly identical to Round 2, except that all non-reserved public lands with RHS >50 are maintained while non-reserved, public lands with RHS <50 are reduced to 34. All non-reserve private lands are reduced to 34. This simulates one potential way of implementing Recovery Action 10 on public lands. In Round 3, Critical Habitat and MOCAs were not evaluated.

Table 1 - Habitat Conservation Network Scenarios evaluated

NWFP	Northwest Forest Plan Reserves
MOCAs	From the 2008 Recovery Plan
1992 Critical Habitat	As designated in 1992
2008 Critical Habitat	As revised in 2008
Z30all	Zonation-derived, on all lands, best 30% of habitat value
Z50all	Zonation-derived, on all lands, best 50% of habitat value
Z70all	Zonation-derived, on all lands, best 70% of habitat value
Z30pub	Zonation-derived, 30% of habitat value, public lands prioritized
Z50pub	Zonation-derived, 50% of habitat value, public lands prioritized
Z70pub	Zonation-derived, 70% of habitat value, public lands prioritized

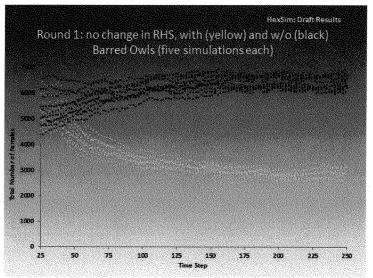


Fig. 1 – Round 1 simulation testing the landscape with current RHS values for the entire 250-step simulation, no reserve scenarios, with barred owl influences inserted at time-step 40 (yellow) and without barred owl influences (black). Five simulations are included, although it appears there are more because of even-odd year reproduction fluctuations.

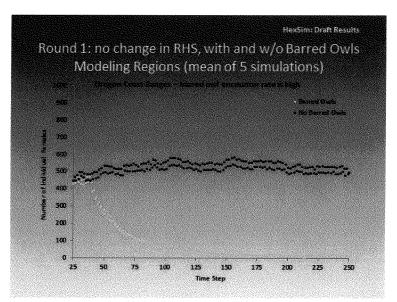


Fig. 2 – Round 1 simulation testing the Oregon Coast Ranges Modeling Region with current RHS values for the entire 250-step simulation, no reserve scenarios, with barred owl influences inserted at time-step 40 (yellow) and without barred owl influences (black). These curves represent the single mean of five simulations although two lines appear because of even-odd year reproduction fluctuations.

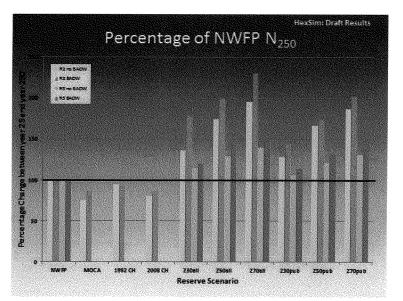


Fig. 3 – The percent difference from the simulated population response of the modeled NWFP reserve system, showing Round 2 without barred owl influences (yellow bars), Round 2 with barred owl influences (blue), Round 3 without barred owl influences (orange bars), Round 3 with barred owl influences (purple bars). Round 3 was not conducted for the MOCAs or the 1992 and 2008 Critical Habitat.

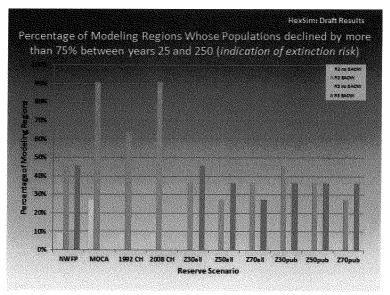


Fig. 4 – The percentage of Modeling Regions whose modeled populations declined by more than 75% between years 25 and 250, showing Round 2 without barred owl influences (yellow bars), Round 2 with barred owl influences (blue), Round 3 without barred owl influences (orange bars), Round 3 with barred owl influences (purple bars). Round 3 was not conducted for the MOCAs or the 1992 and 2008 Critical Habitat.

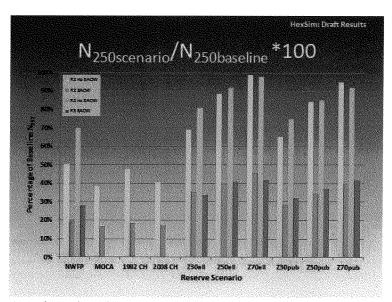


Fig. 5 – The population change over 250 time-steps as compared to the baseline population at time-step 250 in the Round 1 scenario (see Fig. 1). This figure shows Round 2 without barred owl influences (yellow bars), Round 2 with barred owl influences (blue), Round 3 without barred owl influences (orange bars), Round 3 with barred owl influences (purple bars). Round 3 was not conducted for the MOCAs or the 1992 and 2008 Critical Habitat.

Questions for the Record from Ranking Member Moran

HR1-House Passed full year Continuing Resolution

The House passed continuing resolution appears to be dead, but it contains so very many objectionable environmental riders and some harsh budget cuts.

Moran Q1: Can you please tell us what some of the impacts would be if the HR 1 were to be enacted?

ANSWER: With the passage of H.R. 1473, the Service will not be impacted by the environmental riders and budget cuts proposed in H.R. 1.

Moran Q2: You have been running the Fish and Wildlife Service for six months on a series of continuing resolutions. What are some of the practical impacts of this toll booth kind of funding? Are you able to hire the summer temporaries, and to engage in contracts with local, rural businesses?

ANSWER: Working under a series of CRs results in delays in planned work, and delays in getting grants out to our partners. For example, until the Service's priority construction projects identified in the President's FY 2011 budget request are approved and funds released, the Service will be unable to initiate design or construction on its most pressing facility repair and new construction needs. Therefore, funds that would have typically been released by now to pay local and regional architectural engineering consulting firms for design or to award construction contracts that may have provided employment to local labor pools and procured millions of dollars in construction materials and services, are stalled.

The impact on two hatchery projects is particularly troublesome. Without FY 2011 appropriations, the National Fish Hatchery System has been unable to award critical construction projects at Alchesay NFH (AZ) and Green Lake NFH (ME). The water line at Alchesay NFH ruptured in 2010, jeopardizing stocking programs and local economies for 19 tribes. Planning, design and pre-award contracting are complete; construction is scheduled to begin on June 1, 2011, subject to appropriations. The water disinfection system at Green Lake NFH is out-dated and failing, jeopardizing the Atlantic salmon restoration program in Maine. Planning, design and pre-award contracting are complete; the contract will be awarded once appropriations are received.

The delayed appropriation prevented managers from making commitments to the best qualified potential summer hires. As summer approaches, the summer hire applicant pool shrinks significantly as students and others accept jobs from businesses or other organizations that can commit to providing them a job.

America's Great Outdoors

I am very interested in the President's America's Great Outdoors initiative. As you noted, the outdoor industry supports 6.5 million jobs and the Interior Department plays a major role in this. I

see that the Fish and Wildlife Service gets over 46,700 volunteers to work all over the refuge system and in other activities every year, so you are certainly popular.

The initiative has a substantial increase for federal land acquisition. Some of my good friends on the other side have said that we shouldn't buy more land when we can't afford to take care of what we have.

Moran Q3: Will you be buying any new wildlife refuges or purchasing inholdings? It appears that you are also increasing the use of conservation easements, which are cheaper and allow citizens to stay on the land?

ANSWER: The Service anticipates using appropriated funds for acquiring the most biologically valuable habitat. Mainly, this will be lands within our current acquisition boundaries. New wildlife refuges are established after extensive planning, including public input from local communities and we do anticipate acquiring easements within at least one new refuge in 2011—the Flint Hills National Conservation Area. We are increasing our use of conservation easements, as they often provide a better value to the taxpayers than lands acquired in fee simple. Conservation easements are particularly desirable where existing uses of private lands are good for conservation.

Most new acquisitions or conservation easements acquired by the Refuge System simply serve to fill in the gaps. Many are private inholdings within or immediately adjacent to an existing refuge parcel. Private inholdings may seem of small consequence, especially if the majority of the surrounding land is already legally protected and managed for wildlife. But those scattered and sometimes small inholdings can have a disproportionate and often adverse effect on the ability of a refuge to achieve its purpose. In a real way, strategic acquisitions or easements can significantly simplify management and reduce expenses related to signage, fencing, law enforcement patrols, legal permits, fire fighting, road maintenance, habitat management and restoration, fighting invasive species, and deliver important conservation.

Moran Q4: Why is your land acquisition program important for your mission and to American taxpayers?

ANSWER: The mission of the U.S. Fish and Wildlife Service is working with others to conserve, protect, and enhance fish, wildlife, plants, and their habitats for the continuing benefit of the American people. To accomplish the Service mission, the Service acquires important fish and wildlife habitat land through fee title and conservation easements to ensure the survival of threatened and endangered species; acquires wetlands to mitigate flooding, improve water quality, and provides habitat for waterfowl and wildlife; and acquires land that can be restored to open prairie and grassland, reducing habitat fragmentation and opportunities for invasive species to survive.

Climate change

The fact that our climate is changing appears to be controversial for a small segment of the Congress.

Moran Q5: Can you please summarize some of the changes that your land managers are already seeing on the ground, such as rising sea levels destroying refuges, drought leading to wildfire and disease, and disruption to ecosystems caused by invasive species?

ANSWER: Our land managers across the country are currently coping with many ecological changes on the ground. National Wildlife Refuges are witnessing the substantial effects of sealevel rise. For example, Boneyard Beach at Cape Romain National Wildlife Refuge near Charleston, South Carolina is losing ground at the rate of 25 to 30 feet a year. At Blackwater National Wildlife Refuge in Maryland, over 8,000 acres – or 12 square miles – of marsh have been lost since the 1930s, the result of sea level rise, erosion, subsidence, salt water intrusion, and invasive species.

The Arctic National Wildlife Refuge in Alaska is observing thinning and decreasing sea ice, significant coastal erosion, and warming permafrost. Studies show that the State of Alaska has warmed at three times the rate of the Lower 48 states since the mid-1970s. Fire frequency, size, and severity appear to be increasing for Alaska's boreal region since the 1980's, including many areas with Federal lands. The year 2004 had the largest fire season since records were kept beginning in the early 1950s.

Scientists report that wildfire frequency in western U.S. mountains increases during hotter springs and summers, which have become more common in recent decades. Wildfires at elevations between 5,500 and 8,500 feet have occurred more often during warm years and are associated with earlier spring snowmelt. Studies also show that years with high numbers of fires tend to coincide with drought years.

National Parks are witnessing substantial landscape-scale changes. Montana's Glacier National Park, for instance, has only 27 glaciers today, down from an estimated 150 glaciers in 1850, and the remaining largest glaciers are on average only 28 percent of their previous size.

Land managers in the National Wildlife Refuge System, Bureau of Land Management, and National Park Service have inventoried and monitored the spread of invasive plants and animals. Conservation experts tracking invasive plant infestations have found that they cover 100 million acres in the United States and are spreading at the rate of up to 14 percent per year – an area twice the size of Delaware. Invasive species are often advantaged over native species when an ecosystem is disturbed by influences like changing climate.

Examples of the impacts of invasive species include proliferating tamarisk in the West, which increases the frequency of fire, competes for scarce water supplies, and pushes out native riparian species, such as cottonwoods and willows, which are decreasing in abundance. Large constrictor snakes in the Florida Everglades and surrounding wetlands have recently increased in numbers to the point where threatened and endangered species, especially birds and wood rats, are at higher risk than ever before. Nutria, introduced to provide fur trade opportunity, have instead decimated wetlands in Louisiana and Maryland. Technical reviews estimate that between 35 and 46 percent of endangered and threatened species in the United States have been listed because of harm from invasive species.

Moran Q6: My friends have been very concerned about the Climate change science centers at the USGS and the Landscape Conservation Cooperatives, which are largely managed by the Fish and Wildlife Service for the purpose of adapting to climate change.

Can you please explain the relationship between the Science Centers and the Landscape Conservation Cooperatives and how you are working to ensure there is no duplication of effort?

ANSWER: The eight regional CSCs will provide fundamental scientific information, tools, and techniques that land, water, wildlife, and cultural resource managers and other interested parties can apply to anticipate, monitor, and adapt to climate change impacts. Much of the information and tools provided by the CSCs, including physical and biological research, ecological forecasting, and multi-scale modeling, will be in response to the priority needs identified by the LCCs. Working closely with the LCCs, the CSCs will help develop statistically sound sampling programs and processes to monitor climate change effects and help develop adaptive management approaches. The CSCs will be partnership-based regional entities functioning with LCCs as well as the regional management community, scientific entities, and other stakeholders.

Landscape Conservation Cooperatives and Climate Science Centers will have strong, collaborative, and complementary roles and functions. These roles and responsibilities fall along a continuum of research and science needs, which range from fundamental climate science modeling and tool development by CSCs to applied science that is management specific through LCCs. Interactions between LCCs and CSCs will involve:

- Science priority setting: LCCs will deliberate and communicate shared priority science needs and conservation priorities to the regional CSC, which will review the input of all relevant LCCs to develop a regional science agenda.
- Scientific collaboration: LCCs and CSCs have complementary science roles. Working with
 downscaled atmospheric climate models, CSCs will produce models, datasets, decision
 support tools, and research products that support applied conservation planning through
 LCCs. LCCs will utilize these science resources and tools to further develop and support
 applied scientific information tailored to specific locations and resource management
 priorities.
- Integrated Data Management: LCCs and CSCs have a mutual goal of developing
 integrated data management networks to facilitate easy sharing of information; these systems
 will maintain consistency with DOI-wide information standards (e.g., shared data standards,
 databases, and GIS protocols) to enable coordination and information sharing.

Moran Q7: Your budget request has a substantial increase for the Landscape Conservation Cooperatives.

How are the existing LCCs working and why is this model needed on top of your other, existing refuge programs and fisheries and ecological services programs?

ANSWER: No individual agency or program has the capacity to unilaterally provide the needed science or address the suite of threats to our natural resources. The conservation community must establish increasingly effective and coordinated mechanisms for science development, the sharing and transfer of information, and the creation of innovative and effective conservation tools, all predicated on collaboratively-developed priorities. The community must also develop increasingly effective processes for collaborative approaches to conservation planning, prioritization, and evaluation to respond to a wide variety of natural resource stressors.

The 21 LCCs are landscape-scale applied conservation science partnerships that will support onthe-ground conservation efforts by facilitating the production and dissemination of applied science
for resource management decision makers. LCCs may consist of Federal, State, tribal,
international, local, and private stakeholders. LCCs will identify and seek to coordinate among
existing relevant conservation partnerships, plans, agreements, and programs with the specific
goals of identifying common needs for information and sharing information and science. The
science development can be accomplished through the LCCs' relationships with CSCs as well as
through LCC-specific funded science and LCC-supported science developed by partners. LCCs
will also actively share the results of new research and development with local partners and with
the LCC network nationwide. Accordingly, LCCs will help the larger conservation community
achieve better implementation of their programs by fostering improved communication and
coordination among partners. Through participation in LCCs, conservation agencies and
organizations can more strategically target and implement actions that satisfy their missions as
well as landscape conservation priorities shared by the LCC partners. None of this work would be
completed on this scale within current FWS programs.

Chesapeake Bay efforts

Your statement mentions that the Service will be increasing its efforts in the Chesapeake Bay as part of your large-scale ecosystem restoration efforts and as part of your National Wildlife Refuge system enhancement.

Moran Q8: What is the role of the Fish and Wildlife Service in the Chesapeake Bay and how will your requested increase help improve the Bay and its economy?

ANSWER: The U.S. Fish and Wildlife Service (Service) works in collaboration with Federal and State partners, local communities, and private landowners throughout the Chesapeake Bay watershed to conserve key habitats along selected tributaries and shorelines, including underwater grasses, wetlands, forests, streams and reefs. Efforts include protecting land at several area national wildlife refuges, restoring habitat on private lands through the Partners for Fish and Wildlife Program, conducting research on contaminants affecting fish and wildlife, restoring fish populations, and providing technical assistance to landowners and other partners. The Service will need the landscape-level assessment capacities of the LCC to target our work most effectively in an era of fiscal constraint.

The request will support the Service's work in the watershed, which helps stimulate the economy in several ways. Maintenance and improvement of the Bay's natural resources sustains multimillion dollar recreational and commercial enterprises that depend on a healthy environment,

including fishing, hunting, birding, and boating. Unseen, but equally valuable economic contributions of a healthy Chesapeake Bay include ecosystem services such as flood control, water filtration, and air quality improvement. The Service also contributes directly to the economy of the Bay by engaging with many private companies who conduct on-the-ground contractual work.

For example, the Service conserves many fish species in the watershed, such as striped bass, American shad, river herring, eels, and eastern brook trout. Striped bass alone represents a significant source of direct and indirect revenue for all Chesapeake Bay and has been estimated to produce economic activity valued at more than \$1 billion along the Atlantic coast. These figures are supported by a September 2010 national report on the economic contributions from fisheries and aquatic resources, which shows that nationwide fisheries provide a \$3.6 billion annual impact and support 68,000 jobs per year.

Moran Q9: To what extent would the Goodlatte amendment to HR-1 affect the Fish and Wildlife Service's ability to work on Chesapeake Bay restoration?

ANSWER: Presumably, the Service would continue its work to protect, restore, and enhance the fish, wildlife, and plants of the Chesapeake Bay watershed and the habitats that support them. It is unlikely that the quality of the Bay's waterways would improve to the extent necessary to meet species and population-based goals for Service trust resources without stronger incentives to reduce nutrient and sediment pollution. The fish and wildlife in the Bay's watershed require a certain amount of oxygen in the water, as well as certain pH levels, clarity, and water temperatures in order to survive and thrive.

A broad interpretation of the amendment would prevent the Service from performing most or all customary habitat restoration work in the Chesapeake Basin. Habitat and water quality are tightly linked. Since habitat restoration projects of all kinds have direct and significant water quality benefits, they are a significant component of the development and implementation of watershed implementation plans. Therefore, historically effective public-private habitat restoration programs, such as those the Service delivers on family farms and forests though the Partners for Fish and Wildlife Program, may no longer be eligible to support fish and wildlife restoration activities because the targeted habitat benefits also deliver important nutrient and sediment load reductions and help meet goals of watershed implementation plans. For example, a portion of funds for tree buffer planting to maintain cool water temperatures for brook trout could be eliminated because these activities also benefit water quality. Without these kinds of improvements to water quality and quantity, maintaining sustainable populations of high value fisheries such as striped bass will be problematic.

Environmental Contaminants- Ecological Services

As you know, I am very concerned about environmental contaminants and how they may be affecting the water we drink and that is the habitat for our fish and wildlife. An example is the endocrine disrupters, which have been shown to be a real problem in many areas, such as the Chesapeake Bay watershed.

Moran Q10: Please explain why the US Fish and Wildlife Service is involved in preventing trust resources from being exposed to contaminants and what your environmental contaminants program does.

ANSWER: The Environmental Contaminants (EC) Program is dedicated to protecting fish, wildlife and their habitats from the harmful effects of pollutants. Wildlife and fish are affected by thousands of chemicals in the environment, such as pesticides, personal care products, pharmaceuticals, endocrine disrupters, PCBs, dioxins, mercury, selenium, cyanide, and ammonia. The EC Program evaluates the impacts of these contaminants on fish and wildlife, providing information that allows the Service to make decisions based on sound science regarding steps to take to address these contaminant issues. The EC Program operates under a Strategic Plan, completed in 2008, which focuses on five main goals and our first goal is to "Conserve trust resources and their habitats through contaminant prevention."

Environmental Contaminants biologists provide a critical role in protecting the nation's resources by preventing contaminant-induced injury to fish, wildlife, plants and their habitats. Prevention precludes the considerable costs associated with investigation, remediation and restoration, and is by far the most strategic resource management practice the Service can offer. Some of the actions that we will continue to conduct are as follows:

- Determine the impacts of proposed legislation, regulations, State water quality standards, permits, and licenses, including new licenses or permits for renewable energy initiatives from a contaminant perspective, and recommend how negative impacts might be prevented.
- Conduct national consultations to establish an effective, efficient, and consistent nationwide approach to consultation on water quality criteria approved or promulgated by EPA.
 For example, the EC Program recently completed a *Draft Programmatic Biological Opinion (BO) on the U.S. EPA's Proposed Continuing Approval or Promulgation of New Cyanide Criteria in State and Tribal Water Quality Standards*.
- Promote SMARxT DisposalTM, a nationwide educational campaign about the proper disposal of unused and expired medications, using internal and external outreach and engaging more supporter groups. We will continue to work with our pharmaceutical partners to coordinate with chain pharmacies for campaign promotion.
- Solidify our prevention message and express it in plain language for our many stakeholder audiences, including Congress and the public. Many of the public events we engage in support the Service's connecting youth with nature initiative, including Earth Day, Nation's River Bass Tournament at National Harbor, and kids' fishing at Constitution Gardens.

Moran Q11: The budget request includes an increase of \$180,000 and 1 FTE to work on contaminants in the Chesapeake Bay ecosystem.

Can you please tell the Committee what you are doing on this issue and why this increase is needed?

ANSWER: The Service's Environmental Contaminants program focuses on key tributaries and estuarine areas and, working in partnership with USGS, to determine viral, bacterial, and/or parasite pathogens impacting trust fish and wildlife health, survival, reproduction, and sustainability. The Service and USGS also consider and analyze methods for addressing contaminants threats, and collaborate to develop suggested management approaches. The President's Budget includes \$180,000 for the U.S. Fish and Wildlife Service to further assess the impact of environmental contaminants such as heavy metals, PCB's, PAH's, and endocrine disruptor compounds on the health of fish, wildlife and plants. The funds will support the development and implementation of a sampling effort specifically designed to monitor possible effects of accelerated natural gas extraction (Marcellus shale formation) on contaminant discharge into key tributaries and impacts to living resources. The Service will also increase capacity to investigate the cause and effect of toxic algal blooms and their effects on migratory birds, and the link between declines in fish populations and intersex fish to the presence of endocrine disrupting compounds in the water.

Moran Q12: Please explain how your efforts on environmental contaminants complement efforts at the USGS and the EPA?

ANSWER: The FWS, EPA, and USGS have very distinct roles in environmental contaminant issues and specifically for the protection of water quality within the Chesapeake Bay. Some of the Nation's major conservation laws (e.g. the Endangered Species Act, the Fish and Wildlife Coordination Act, the Migratory Bird Treaty Act, and the National Wildlife Refuge Improvement Act) and pollution control laws (e.g. The Clean Water Act and the Oil Pollution Act) give the FWS EC Program staff the authority to work with internal and external partners in three important areas: (1) identifying and assessing the effects on species and habitats exposed to contaminants; (2) preventing trust resources from being exposed to hazardous levels of contaminants; and (3) restoring habitats and DOI trust resources. The FWS EC Program is very experienced in assessing the impacts of chemicals to biota and their habitat, and then restoring habitat that is impacted by contaminants.

The USGS provides broad scientific and technical expertise specifically with addressing water quality issues. Their mission within the Chesapeake Bay Restoration program is "to provide integrated science for improved understanding and management of the Bay ecosystem." This may involve activities such as evaluating and explaining water-quality conditions and changes, monitoring nutrients and sediment in the overall watershed, and interpreting water-quality data. This science support will assist the regulatory agencies with implementing actions to protect water quality throughout the bay and the watershed.

Lastly, the EPA is responsible for establishing rules and regulations that protect the Chesapeake Bay and water quality. For example, based on the information provided by the broad scale monitoring conducted by the USGS, the EPA may set more stringent effluent guidelines, require NPDES permits for discharges from concentrated animal feeding operations (CAFOs); or establish water quality standards for the protection from pollutants. Also using the information from the USGS, the FWS will work with the EPA to evaluate the guidelines to further ensure they are protecting our trust species (e.g., migratory birds, endangered species, and national wildlife refuge

lands) and then participate in the restoration activities to provide quality habitat for fish and wildlife.

BP Transocean Deepwater Horizon oil disaster in Gulf of Mexico

The Fish and Wildlife Service was very involved in the response and in the subsequent restoration efforts after the disastrous BP oil spill last April.

Moran Q13: Can you please give the Committee an update on what your bureau's role was and what the overall condition is now on the many refuges you manage in the Gulf of Mexico?

ANSWER: FWS staff was among the first responders to the spill, initiating surveys to recover oiled and injured wildlife and identifying threats to trust resources. Biologists, ecologists, and archaeologists began taking steps immediately to identify the most sensitive areas of the coastline as the U.S. Coast Guard put protective measures such as absorbent boom in place. Other employees—including experts in finance, planning, logistics, emergency Section 7 consultation, and media relations—helped staff the Incident Management Teams and helped shoreline assessment teams check beaches for oil. They recommended shoreline cleanup methods, and proposed and implemented best management practices to avoid and minimize adverse affects of the spill and response actions on federally endangered and threatened species, migratory birds and other trust resources in compliance with the Endangered Species Act. FWS has been involved in response actions of the oil spill incident through the advisement of best management actions to avoid or address oil impacts to trust species and National Wildlife Refuge lands. FWS provided assistance in the collection and rehabilitation of oiled wildlife and oversight of clean-up operations on refuge lands.

For most National Wildlife Refuges along the northern Gulf of Mexico, the refuge boundary extends to the mean high tide line, although there are exceptions such as the Little Dauphin Island Unit of Bon Secour NWR, which includes significant submerged bottoms around the island. Oil spill response Stages I (in-water skimming, burning) and II (initial surface cleaning) have been completed for Refuges with affected beaches. It was important to determine which techniques and endpoints for clean-up activities were most appropriate for refuge lands, and to establish best management practices for these sensitive environments.

Manual removal of oil by BP contractors has been the primary focus of response efforts on National Wildlife Refuge beaches to date. For example, manual removal has been used exclusively at St. Vincent and Breton NWRs, and has been the principal method for removing oil on beaches in subsurface and tidal areas at Bon Secour NWR. Beach sweepers, tractor-operated equipment which can remove surface oil at shallow depths (less than 15 cm) without removing large quantities of sand, are currently being used on Bon Secour NWR.

Only Breton and Bon Secour refuges are now in Stage III cleanup, which involves the removal of subsurface oil and meeting endpoints that lead to a transition from active cleanup operations to longer term maintenance and monitoring. These activities are expected to continue into the summer of 2011.

Moran Q14: What is the Fish and Wildlife Service's role in the ongoing Natural Resource Damage Assessment and restoration effort?

ANSWER: The Department of the Interior (DOI) serves as a Natural Resource Trustee and is comprised of the U.S. Fish and Wildlife Service, National Park Service, Bureau of Land Management, and Bureau of Indian Affairs.

The other Trustees for the Deepwater Horizon Oil Spill Natural Resource Damage Assessment and Restoration include the Department of Commerce, Department of Defense, and State Agencies from Florida, Alabama, Mississippi, Louisiana, and Texas. The Trustees act on behalf of the public to ensure that the public is fully compensated for injury to, or loss of natural resources resulting from the spill or response activities, and that those natural resources are restored to their pre-spill condition. The DOI Authorized Official serves as the Federal Lead Administrative NOAA and DOI are serving as the lead Federal agencies for the design and implementation of studies and assessment activities to identify, characterize, and quantify injuries to natural resources or the diminishment of services provided by those resources. Injury studies are developed in conjunction with the other Trustees. These studies consider potential injuries to a broad array of diverse resources in the Gulf of Mexico ecosystem. To facilitate planning and study development, the Trustees have created more than one dozen Technical Working Groups that focus on assessment activities for broad resource categories (i.e., birds, fish, marine mammals and sea turtles, etc.). Agency staff, academics, and other resource experts participate in TWG activities. NOAA and DOI are primarily responsible for the implementation of injury studies by the use of agency staff or contractors. In the latter, DOI and NOAA are responsible for the enactment and oversight of contracts. DOI and NOAA also lead efforts to indentify restoration activities that would serve to appropriately compensate the public for injuries to broad resource categories.

Moran Q15: Is the Service getting adequate funding from the responsible parties to complete needed restoration activities?

ANSWER: Identification of appropriate restoration has not been completed and therefore a determination of adequate funding is not possible at this time. The first step is to complete injury studies to ensure the nature, extent, and severity of resource injuries is fully characterized. After this, the Oil Pollution Act of 1990, as amended (OPA) requires that public input be sought for a Damage Assessment Restoration Plan that will outline appropriate restoration to address the natural resources and natural resource service losses caused by the incident. Then implementation of restoration is done. BP provided funding to DOI to use for pre-assessment work for the Deepwater Horizon NRDA and initiation of some of the assessment studies. The studies currently being conducted include evaluation of potential impacts to fishes, marine mammals, sea turtles, avian species, and their associated habitats such as submerged aquatic vegetation, shorelines, beaches, marshes, mangroves, near shore water, and deep ocean habitats. Data are being collected to determine acute and chronic impacts to the ecosystem of the Gulf of Mexico. To date, DOI has been reimbursed for over \$20 million in assessment costs from BP, one of the potentially responsible parties for the spill. For the Deepwater Horizon oil spill, the Trustees have developed several emergency restoration projects to avoid or reduce ongoing injuries to natural resources. Presently, one emergency restoration project has been completed and we are working with BP to

fund and implement other emergency restoration projects. The Trustees have initiated a public scoping process to identify appropriate types of restoration to compensate for resource losses.

Moran Q16: How long will this restoration and cleanup take?

ANSWER: Clean-up operations are ongoing and will continue until shorelines meet "no further treatment" standards. Currently, few affected DOI lands meet these standards. Clean-up operations are ongoing in areas where nesting/roosting wildlife will not be affected, or where best management practices can be implemented to minimize disturbance. On some DOI lands, strategic wildlife pauses have been implemented to protect nesting wildlife. These areas will be monitored, and clean-up activities will resume, as needed, after nesting is completed. Sunken oil deposits are known to be present in certain sections along the coastline in nearshore zones, and are known to present a potential source for stranding oil on the adjacent beaches and shorelines. During periods of strong wave action when bottom sediments are suspended, oil-sand particles that are eroded from the deposits can be transported and deposited on the adjacent beaches/shorelines. The Gulf Coast Incident Management Team lead by the Coast Guard developed a strategic plan to locate, delineate, and recover/treat these deposits when feasible. A companion Tactical Operations Plan is under development. However, there is currently no timeline in place for completing these objectives. Throughout the hurricane season, monitoring and maintenance will be required to clean newly deposited or uncovered oil on the beaches/shorelines.

The time required to complete restoration is uncertain at this time. The implementation of restoration projects normally follows the resolution of natural resource damage assessment and restoration process as required by the Oil Pollution Act. For the Deepwater Horizon oil spill, the Trustees have developed several emergency restoration projects to avoid or reduce ongoing injuries to natural resources. The Trustees are currently working with BP on the funding and implementation of these projects. The Trustees have initiated a public scoping process to identify appropriate types of restoration to compensate for resource losses.

Adaptive Science and Refuge Inventory and Monitoring

I see that your request includes an additional \$7.2 million to enhance your use of adaptive science.

Moran Q17: Can you please explain what this is and why this is in the Fish and Wildlife Service and not in the Interior Department's science agency, the USGS?

ANSWER: The budget proposes an increase of \$7.2 million to acquire key scientific information needed to inform LCC activities in conservation planning and design and to continue to develop an in-house applied science capability. A specific example of the role LCCs play is evidenced in the Service's ecosystem restoration efforts across the nation. Science Assessments will be conducted to appraise the current spectrum of scientific knowledge surrounding shared resource priorities, and will identify and prioritize management questions and related research and technical assistance gaps and needs. They will explore potential approaches for utilizing existing information, developing scientific tools, and improving the state of knowledge. Science Assessments will identify common needs for science among the various partners and partnerships to meet their

conservation priorities and goals, and will be developed in coordination with Climate Science Centers.

Specific examples of how the FWS will use this acquired scientific information in ecosystem restoration are as follows:

- In the Chesapeake Bay watershed, Service programs will coordinate efforts with the North Atlantic and Appalachian LCCs to meet the highest priority needs identified by the Service together with EPA, NRCS, and other Federal agencies to achieve a healthy watershed and support sustainable populations of fish and wildlife.
- In the Everglades, landscape level partnerships will work to protect Florida panther habitat, sea turtles and other highly imperiled species in the Florida Keys.
- In the California Bay Delta region, the California LCC will work to address water supply
 and environmental challenges outlined in the Interim Federal Action Plan for the California
 Bay Delta. The region will use the LCC and new Strategic Habitat Conservation business
 model to work in this changing ecosystem, ensuring that our actions are driven by good
 science, respect for our partners and a focus on outcomes.
- The Gulf Coastal Plains & Ozarks (GCPO) LCC and its partners have developed habitat modeling capabilities in its geographic area. Two new working groups, the Alligator Gar Conservation Group and the Louisiana Pearlshell Mussel Group, have begun to model habitat needs for these species, which will characterize their existing habitats, identify potential areas of new or unknown populations, and identify areas with potential for restoring populations. The modeling process will also be used as a template for aquatic habitat models for similar species within the GCPO and other LCCs with similar habitats and species.
- The Plains and Prairie Pothole (PPP) LCC funded a project to help complete the National Wetland Inventory for the Northern Great Plains. The PPP partnered with the State of Montana to complete digital maps of wetlands to cover the LCC's entire geographic area. These wetland maps are essential for efficient conservation planning and delivery.

Moran Q18: Why is it so important that the Service help develop and use the best science when making decisions about how to manage public lands and when helping the states and citizens do the same?

ANSWER: To protect the viability of fish, wildlife, plants, and their habitats from compounding environmental stressors, the Service, with partners, must rapidly develop the ability to deliver conservation across connected landscapes of habitats, based on the best available scientific understanding. To meet that goal, the Service is establishing a new business model with our partners to look at management at the landscape scale and leverage the conservation capacity of individual organizations to attain biological outcomes larger than any one partner could achieve alone. LCCs will play a large role in developing and using partner science to identify landscapes, habitats, and species that are most vulnerable; to define clear conservation objectives; and to focus management actions where they will be most effective on the landscape.

Additionally, one of the key factors to success for an LCC is partnership. By building on existing partnerships, the LCC network will provide the information needed to accomplish conservation objectives that no single agency or organization can accomplish alone. LCCs will comprise a

seamless national network with the scientific and technical capacities to help conservation agencies and organizations maintain landscapes capable of sustaining abundant, diverse and healthy populations of fish, wildlife and plants. At present, no other organization is fulfilling this function.

Moran Q19: The budget has an increase for inventory and monitoring. What is the status of the refuge system inventory? Do you do regular monitoring of the conditions of the habitat and the key resources for which refuges were established?

ANSWER: Each refuge currently monitors select priority habitats and species as funds are available. Through the Inventory and Monitoring program, we are standardizing our inventory and monitoring procedures to make the data useful for making management decisions on a broader landscape scale. For example, the Service is working on an Integrated Waterbird Monitoring and Management (IWMM) initiative. The IWMM initiative encompasses both the Atlantic and Mississippi Flyways. National Wildlife Refuges that have a contribution to make toward waterbirds (waterfowl, shorebirds, wading birds, including black ducks which are a priority within Chesapeake Bay) will monitor habitat and waterbird response to local (refuge) management actions to enhance habitat. The same data will be compiled at larger landscape scales (LCC, Region, Flyway) to inform management decisions at those scales. Refuges surrounding the Chesapeake Bay, including: Eastern Neck NWR, Chesapeake Marshlands, Patuxent, Chincoteague and Back Bay NWRs are currently participating in this initiative.

Results of IWMM monitoring will allow individual refuges to monitor the quality of each wetland for specific target species/groups of wildlife. This information will allow managers to effectively evaluate habitat quality and perform effective and efficient management at the correct locations. The IWMM initiative is being developed thru a cooperative effort including the National Wildlife Refuge and Migratory Bird Programs within three FWS Regions, State Partners, USGS, and Private Partners.

Similar System-wide scale monitoring is being performed for Secretive Marshbirds (rails/bitterns) as well as, breeding landbirds.

NWRs are currently identifying appropriate monitoring needs at each refuge to effectively evaluate achievement of refuge objectives. Each NWR is currently working on development of an Inventory and Monitoring Plan that critically evaluates what wildlife/habitat should be surveyed on each refuge.

National Wildlife Refuge Fund, (PILT for refuges) eliminated

I see that the budget request eliminates the entire appropriated portion (\$14.5 million in FY 2010) for the National Wildlife Refuge fund. Your statement says that although the fund was originally conceived to assist communities in lieu of taxes for lands acquired as refuges, now you see that refuges generate tax revenues for communities far in excess of tax losses from Federal land ownership. I support this kind of rational fiscal approach.

I understand that the States will still get the mandatory funding, which amounts to nearly \$1

billion per year, through the US Fish and Wildlife Service. Can you please tell the Committee some more about this change, and explain what additional mandatory receipts will still be going to the states.

ANSWER: Refuges have been found to generate tax revenue for communities far in excess of tax losses from federal land ownership. National Wildlife Refuge lands provide many public services, such as watershed protection, while placing relatively few demands on local governments for schools, fire, and police services. National Wildlife Refuges bring a multitude of visitors to nearby communities, which provide substantial economic benefits. Hunters, birdwatchers, beach goers, hikers and others bring money into local economies, generating millions of dollars in tax revenue to local, county, State and Federal levels. For example, nearly 35 million people visited national wildlife refuges in 2006, creating almost 27,000 private sector jobs and producing about \$543 million in employment income, based on a 2006 economic analysis conducted by the Service, Banking on Nature: The Economic Benefits to Local Communities of National Wildlife Refuge Visitation.

The budget eliminates the discretionary funding contribution to the National Wildlife Refuge Fund, a reduction of \$14.5 million below the 2010 Enacted level. Since NWRF payments collected by counties can be used for any purpose, the discretionary funding contribution does not significantly help to achieve conservation goals. The mandatory receipts collected and allocated under the program would remain a source of revenue for counties.

Assistance provided to States and Territories under the Dingell-Johnson Sport Fish Restoration Act would be unaffected by this proposal. These programs provide essential grant funds to address many of the nation's most pressing conservation and recreation needs.

Moran Q20: Please provide a table which shows the hatcheries that are involved in the mitigation effort, the current funding level for it, the funding level in the FWS FY 2012 budget request, the amount of funding required to keep it active in FY 2012, and the state fishing license fee.

Normally it is the goal of the FWS to have State management of wildlife, at least that is what the witnesses said regarding Rocky Mountain wolves. Why is the Service so involved in producing fish for recreationists that most often are provided by state government, supported by license fees.

ANSWER: These stations include Neosho NFH (MO), Greers Ferry NFH and Norfork NFH (AR), Chattahoochee NFH (GA), Wolf Creek NFH (KY), Dale Hollow NFH and Erwin NFH (TN), Garrison Dam NFH (ND), and Jones Hole NFH (UT). The National Fish Hatchery System (NFHS) has conducted fish production activities for many years to mitigate for the loss of fisheries resulting from Army Corps of Engineers (COE - \$4.7 million), Tennessee Valley Authority (TVA - \$835,000), Bonneville Power Authority (BPA - \$40,000) and Central Utah Project Completion Act (CUPCA/BOR - \$715,000) water projects. Fisheries Program expenditures in support of these activities total \$6.3 million.

Law Enforcement and International Trade in Wildlife and Endangered Species

I understand that international criminal organizations are trading hundreds of millions or even billions of dollars worth of rare and often nearly extinct wildlife, plants, and animal parts. This trade is huge, and it helps support terrible criminal activities harmful to people and heart-breaking to the traded animals, which often perish in horrific conditions.

The budget request has a substantial \$3.1 million reduction for law enforcement, and it appears that the entire new class of agents who were hired in 2010 will be terminated.

Moran Q21: How are you going to make a difference in illegal flora and fauna trading without trained law enforcement officers?

ANSWER: The proposed reduction in law enforcement will prevent filling vacant positions, but the Service does not plan any termination of newly hired agents.

Preventing the illegal trade in global species remains a critical strategic goal for the Service's Office of Law Enforcement. The investigation of illegal wildlife trade in fact accounts for more than 50 percent of the program's caseload each year. The Service has actually strengthened its capacity in this area by increasing the number of wildlife inspectors at the Nation's ports of entry (the inspection force now totals 140). Detecting and deterring trade in protected species represents an investigative priority. The program also remains committed to global information sharing with other enforcement agencies worldwide through its Intelligence Unit; works closely with such enforcement entities as Interpol and the CITES Law Enforcement Experts Group; and is an active member or supporter of regional law enforcement alliances, including the North American Wildlife Enforcement Group and the Association of Southeast Asian Nations Wildlife Enforcement Network.

Moran Q22: How bad is the international trade in flora and fauna and what are the enforcement trends? Is the US Government doing enough?

ANSWER: Illegal wildlife trade has long been recognized as a threat to species worldwide. Although U.S. and global efforts to stem it date back over four decades, it continues to thrive. More than 30,000 different species now receive protection under the Convention on International Trade in Endangered Species (CITES). Listings under that treaty have increased by more than 75 percent since the early 1990s. Trade and trafficking have played a major role in pushing such species as elephants, tigers, rhinos, and sea turtles to the brink of extinction. Other wildlife "commodities" subject to significant pressures from trade range from sturgeon and corals to parrots and tortoises.

From the traffickers' perspective, illegal wildlife trade represents an excellent return on investment. Poachers, middlemen, and retailers all enjoy the opportunity to reap significant monetary gain. Commodities that first sell for the equivalent of nickels, dimes, or dollars in the source country (which is often an economically developing nation) can yield hundreds, even thousands more at the point of final sale.

The United States is a major consumer nation in the black market wildlife trade, seizing about \$10 million worth of illegal wildlife each year. Service investigations show that this nation is a key end market for rare reptiles. Other live commodities subject to illegal trafficking include Asian arowanas, frogs, snakes, wild birds, corals, cycads, and orchids. This country is also a prime market for elephant ivory and ivory carvings. U.S. and global interest in rhino horn has surged in recent years. Sea turtle eggs and meat are frequently intercepted as are queen conch meat and shells and Asian medicinals made from rhino, tiger, seal, and other endangered wildlife.

The Service effectively utilizes its enforcement resources to detect and deter wildlife smuggling and capitalizes on its partnerships with other Federal enforcement agencies (such as Customs and Border Protection, Immigration and Customs Enforcement, and the Animal and Plant Health Inspection Service) to reduce the U.S. role in the global black market for endangered wildlife and plants. The Service also supports global efforts in this arena by providing law enforcement training programs and technical support to countries that are working to improve their resource protection infrastructure and through the many conservation grant programs managed by its International Affairs program. International attention to this issue has grown over the last decade as have internationally coordinated efforts to address problems in both supplier and consumer countries.

North American Wetlands Conservation Fund

The North American Wetlands Conservation Fund has been successfully protecting key lands that are especially important to our nation's waterfowl. The Republican HR 1 that passed the House eliminated all funding for this program.

Moran Q23: Please take a moment to refresh the Committee on how this program came about with bipartisan support, and how it has operated over the years. What are some of the successes of this program? What is the impact of eliminating it?

ANSWER: Congress passed the North American Wetlands Conservation Act in 1989, declaring that maintaining healthy populations of birds in North America depends on "the protection, restoration, and management of wetland ecosystems and associated habitats in Canada, as well as in the United States and Mexico." More than two decades later, grants made under the Act have supported thousands of cooperative projects across North America, leveraged billions in partner dollars and affected more than 27 million acres of bird habitat.

Senators George Mitchell and John H. Chaffee and Congressmen Silvio O. Conte, Robert D. Davis and John Dingell introduced the North American Wetlands Conservation Act (NAWCA) grants program in April 1989 and it became law, with strong support in both houses of Congress, in December of that year. The Act was originally intended to fund the North American Waterfowl Management Plan, an international agreement that provides a strategy for the long-term protection of wetlands and associated upland habitats needed by waterfowl and other migratory birds in North America. In 2002, Congress reauthorized the Act and expanded its scope to include the conservation of all habitats and birds associated with wetlands ecosystems. The last reauthorization of the Act was in 2006, when Congress increased the appropriation authorization up to \$75 million per year through 2012.

NAWCA was specifically designed to encourage and fund partnerships for explicit conservation purposes. Those purposes were to protect, enhance, restore, and manage wetland ecosystems and other habitats for migratory birds and other wetland-related fish and wildlife; maintain current or improved distributions of migratory bird populations; and sustain an abundance of waterfowl and other migratory birds consistent with goals of the North American Waterfowl Management Plan, other recognized bird plans, and international conservation obligations with other countries.

The partnerships encouraged by the Act have been the key to NAWCA's success in meeting its conservation objectives. Private landowners, conservation organizations, land trusts, other non-profit groups, businesses, and local, State, tribal and Federal governments have worked through NAWCA to address mutual conservation needs and concerns.

NAWCA's ambitious conservation agenda has been accomplished through matching grants reviewed and selected by the Act-created North American Wetlands Conservation Council using evaluation factors listed in the legislation. The NAWCA grant program supports public-private projects in Canada, the United States, and Mexico that involve long-term protection, restoration, and/or enhancement of wetlands and associated uplands habitat based on the percentages allowed by the Act. Consequently, for the past twenty years, NAWCA funds have been invested in the nation's most vital wetland ecosystems. Projects have been, and will continue to be, funded based on the significance of the wetland ecosystems and wildlife habitat to be conserved, migratory bird species benefitted, partner diversity and non-federal contributions leveraged, and the long-term value of the conservation work proposed.

The NAWCA grant program is competitive and competition for funding is rigorous and selective, with numerous good projects going unfunded each selection cycle. Grant requests must be matched by non-federal partner contributions at no less than a 1-to-1 ratio, however the average match for projects across the continent averages more than 2-to-1.

NAWCA's success can be evaluated by the number of acres conserved across the continent, the number of partnerships encouraged and funded in the last 20 years, the benefits produced for wildlife, and the amount of money leveraged for wetland conservation. To date, NAWCA has supported 2,115 projects in 50 U.S. states, Puerto Rico, the U.S. Virgin Islands, 13 Canadian provinces and territories, and 31 Mexican states and the Federal District of Mexico. More than 27 million acres of habitat have been protected, restored and enhanced by more than 4,300 partners. Non-federal partners have matched the more than \$1.1 billion in Federal grant funds with \$2.3 billion in matching funds.

The impact of eliminating or reducing NAWCA funding will be less habitat protected, restored, or enhanced in future years for the benefit of wetland dependent migratory birds and ultimately the American public that utilizes and enjoys this important resource. A decrease in NAWCA funding will not just result in fewer grants being awarded but would also affect the conservation contributions of partners as matching funds from NAWCA are reduced. Annual program accomplishments vary by the proposed work plans, budgets, and locations of the projects selected each year. However, each \$1 million decrease in NAWCA funding generally results in a total of

\$3 million lost to conservation and reduces future habitat accomplishments by approximately 100,000 acres.

State and Tribal Wildlife Grants

This Committee has been a key player in establishing and monitoring the State and Tribal wildlife grant program. I see that the budget request increases it to \$95 million, whereas the Republican HR-1 eliminated all funding for it.

Moran Q24: Can you please tell the Committee about how this program has been run and what it has accomplished to date?

ANSWER: This program was established by Congress to provide funding to States for at-risk species. The Dingell-Johnson and Wallop-Breaux funding for Federal Aid and Sportfish programs had provided funding for many years to States for species that are hunted and fished, however, at that time there were inadequate State funds to protect declining species, especially non-game species. Congress provided this funding for Species of Greatest Conservation Need. Congress also required States to develop Comprehensive Wildlife Conservation Strategies. The 56 strategies, also known as the State Wildlife Action Plans, have provided the goals and objectives for this funding. All States and Territories completed and had their plans approved on time. The Wildlife and Sport Fish Restoration Program administers the program with about 23 FTE who assure that all grant applications are in compliance with the State's plan and that the State accomplishments correspond to the grant.

National Summary of Accomplishments for the State Wildlife Grant (SWG) Program (FY2002-2010)

State Fish and Wildlife Agencies (including the 50 States, the District of Columbia, the Commonwealths of Puerto Rico and the Northern Mariana Islands, and the Territories of American Samoa, Guam, and the U.S. Virgin Islands) have completed approximately 1,300 State Wildlife Grant Program grants since program inception. Approximately 802 SWG grants remain open and are in various phases of completion. National accomplishments to date include the following:

- Acquired or leased 94,979 acres of wildlife habitat;
- Operated and maintained over 41,500 acres and 90 sites (no acres provided) of wildlife management areas that benefit species of greatest need;
- o Conducted life history and population dynamics research and surveys;
- Conducted habitat research and surveys;
- o Enhanced 1.4 million acres of wildlife habitat;
- Developed or renovated 1,250 facility sites that support species of greatest conservation need:
- Trapped or transferred 3.5 million animals to restore fish or wildlife populations;
- o Provided technical assistance to 24,000 landowners;
- o Coordinated with other agencies and partners to work on their Wildlife Action Plan; and
- o Completed individual Wildlife Action Plans by October 1, 2005 (56 completed).

The 56 Wildlife Action Plans may be viewed online at http://www.wildlifeactionplans.org/.

Moran Q25: Why are you asking for an increase?

ANSWER: The majority of species in the United States are managed through these funds. Approximately 14,000 different species are listed as Species of Greatest Conservation Need (SGCN) by the States and Territories. State Wildlife Grants is the premier funding source for species of greatest need, which include protection for critically important non-game species. This is the States' and Territories' primary funding to ensure these species do not become endangered. With such a massive undertaking, State resources are strained and additional funds would help alleviate that strain. For example, in the U.S., amphibian declines are particularly serious in California, the Rocky Mountains, the Southwest and Puerto Rico. More than one-quarter of all bird species in the U.S. have dropped in numbers since the 1970s, and more than 200 of 800 native bird species are listed on the Audubon WatchList, which serves as an early warning system for birds that could become endangered.

Moran Q26: What are you hearing from the States and the Tribes about the current threat to this program?

ANSWER: States and Tribes are extremely concerned about the threat to this program. As mentioned in the previous response, this program is the States' and Tribes' primary source of funding to manage the majority of the SGCNs in their areas of responsibility. Any reduction in funds to this program significantly impacts their ability to ensure the health of the species and their habitats. It would also cause State and tribal programs to reduce staffing and elimination of contractors working for the programs.

Moran Q27: What would be the impact of eliminating it?

ANSWER: A main mission of the program is to keep species of concern off the endangered species list. Elimination of the program would result in a higher number of species listed as endangered. For example, it would eliminate State programs that work with developers to ensure no degradation of habitat or species occurs. Both would potentially increase the Federal responsibility of species upkeep through the Endangered Species Act and therefore increase Federal expenditures on these species for many years. As mentioned in the previous response, many State and tribal program employees would be laid off as well. This would significantly reduce the States' and tribes' ability to react to changing landscapes that could potentially endanger the country's overall environmental health. Moreover, States may need to make management decisions within their own natural resource departments as these funds provide the backbone for many programs and personnel which focus on the conservation of non-game species.

Endangered Species Act (ESA)

The request includes an increase of \$3.8 million for your endangered species program to catch up with the backlog in listing petitions.

Moran Q28: How did we get into this situation, and what conservation advantages will be realized by doing this work on the listing of endangered species?

ANSWER: The ESA mandates specific timelines for processing 90-day and 12-month petition findings. Any individual can submit a petition to list, delist, or change the status of a species listed under the ESA. The Service was petitioned to list an average of 20 species per year from 1994 to 2006 and was petitioned to list 695 species in 2007, 56 species in 2008, and 63 species in 2009. In 2010, the Service received many new petitions, as well as a single petition to list 404 species. As petition workload has increased to meet these demands, the Service's ability to initiate new listings determinations has diminished. As such, the addition of sub-cap language to specify the level of effort directed to petition findings for domestic species will enable the Service to maintain steady funding for new listings of domestic candidate species in need of protection under the ESA. The listing of a species ensures that the protections provided by the ESA are formally extended to that species, thus implementing recovery, consultation, and other conservation activities to benefit the newly listed species under the ESA.

Moran Q29: The Rocky Mountain wolf listing and delisting has been quite a legal and political football. Can you please summarize the current legal situation, and how you feel the population's health is and why it no longer needs the protection of the Endangered Species Act?

ANSWER: Gray wolves are listed as threatened in Minnesota and endangered in the other lower 48 States. The Service issued a final rule to delist gray wolves in the northern Rocky Mountains in late 2009 but that decision was vacated by the U.S. District Court for the District of Montana in August 2010. Since that time, the Service negotiated a settlement with the plaintiffs which, was not approved by the District Court. Pursuant to P.L. 112-10, Department of Defense and Full-Year Continuing Appropriations Act, 2011, Sec. 1713 the Secretary of the Interior published a rule to delist wolves in Montana, Idaho, and parts of Washington The Service continues to believe that the northern Rocky Mountain population of gray wolves is healthy and that the population is ready to be managed by the States who have established management plans that will assure the continued health of the species. We continue to work closely with the affected States.

Moran Q30: How do the current legal and political activities on the Rocky Mountain wolf affect management of the wolf populations in the Great Lakes and in the Southwest?

ANSWER: Activities regarding the Rocky Mountain wolf have little connection to the wolf populations in the Great Lakes or the Southwest. Any effects of political activity, such as possible legislation to delist the species, would depend on the exact nature of the proposal.

Moran Q31: I understand that the ESA consultation workload for renewable energy development and transmission is quite significant. Can you describe the workload and how these needs will be addressed in the FY 2012 request?

ANSWER: The Service recognizes the increasing need and demand for renewable energy development and transmission and plays a pivotal role in assisting the nation to achieve a sustainable energy and environmental future. Workloads associated with conventional and renewable energy and transmission development and production continue to grow. The Service

anticipates an estimated increase of 1,089 requests for endangered species consultations for new energy projects and an estimated 30 additional landscape-level habitat conservation efforts related to renewable energy with States, industry, and other conservation stakeholders.

To address the increasing consultation workload for renewable energy development and transmission the Service has prepared a fiscal year 2012 budget request that includes an additional \$2,000,000 and 14 full time employees (above the fiscal year 2011 continuing resolution level) dedicated to consultations for renewable energy projects. This funding increase for the Service to conduct required consultations is critical for the production of renewable energy and its associated power lines without compromising environmental values.

Administrative Cost Savings of -\$26.5 million

Your budget is like the others in the Department with respect to taking large decreases for management efficiencies. Please explain the planning procedures the Service has gone through to locate and determine these potential savings.

Moran Q32: Please tell the Committee if you have proposed similar savings in the past, and if so, please provide documentation for what actual savings have been realized and contrast that with the savings that had been previously proposed.

ANSWER: The Service proposed administrative savings in FY 2003 and FY 2004 of \$3.6 million and \$3.5 million in travel costs. To achieve the savings, the Service identified certain travel activities, such as limiting meeting and conference attendance. As a result of this review, the Service established travel ceilings in FY 2003 and FY 2004 for each of the Regions and the Washington Office. These savings have been realized through strong information sharing and reporting.

To achieve these savings, it does require that administrative staff develop policy and procedures, develop ceilings, provide guidance, develop reports, answer questions, and ensure compliance.

National Fish Hatchery Operations - Decrease for Mitigation

I see that the budget proposes a reduction of \$6.3 million for fish hatchery operations because these activities are in place to mitigate the adverse effects of Federal water development projects constructed by other agencies.

Moran Q33: Is it still a Federal responsibility to grow fish for local recreational fisheries at these sites?

ANSWER: The Congress determines appropriate responsibility for mitigating the effects Federal water development projects.

Moran Q34: Do State fishing licenses support the growth of fish for this purpose?

ANSWER: Generally, no. However, there may be some isolated instances where the affected states may use some of their license revenue to produce recreational fish at State fish hatcheries to stock these waters in addition to FWS stocking. Additionally, several States provide funds to the NFHS to produce fish for State needs, outside of the fish produced by the FWS for mitigation.

Moran Q35: Are other agencies going to pick up the slack if the Fish and Wildlife Service reduces its activities in this area?

ANSWER: The Service is asking the Federal agencies that build and operate the water facilities that impact fish to step up and fund the mitigation efforts for these projects. The National Fish Hatchery System is uniquely situated to perform these activities. With the nation's only Fish Hatchery System, no other entity or Federal agency has the expertise or infrastructure to produce appropriate fish in the required quantities and quality for these mitigation efforts. The NFHS produces the eggs, grows the fish, provides fish health services and stocks the fish.

American Reinvestment and Recovery Act (ARRA)

I realize that the Fish and Wildlife Service still has a huge backlog in deferred maintenance for some of the 6700 buildings, 39,000 structures and 14,000 miles of roads it manages. The Service received funding through ARRA to address some of these problems.

Moran Q36: Can you please tell us about the kinds of projects you have been working on with this surge in funding?

ANSWER: The Fish and Wildlife Service focused its funding on three main needs as follows:

- \$151.5 million on deferred maintenance, reconstruction, repair and energy efficiency retrofits of our facilities on refuges and hatcheries.
- \$72.4 million on high priority construction and capital improvement projects.
- \$42.6 million on habitat restoration both on and off FWS owned lands.

The FWS has been able complete numerous projects including much needed infrastructure repairs and replacements at fish hatcheries and wildlife refuges. Examples include replacement of the water filtration system at Inks Dam National Fish Hatchery in Texas, rehabilitating the water management canals at Agassiz National Wildlife Refuge in Minnesota, replacing the effluent treatment system at Jordan River National Fish Hatchery in Michigan, and rehabilitating leaking wetland management dikes at Ace Basin National Wildlife Refuge in South Carolina. These are just a small handful of the 713 projects the FWS is completing with its ARRA funding. The FWS has already completed 508 and of these projects. The vast majority of the FWS projects involve private contractors and material suppliers which supports jobs and the economy.

Moran Q37: Was FWS able to obligate those funds in the limited time available?

ANSWER: Yes. It was a huge workload for our staff, but they stepped up and obligated the funding in record time, while ensuring that all requirements were met.

Moran Q38: What were you able to accomplish with these funds? To what extent have you made a dent on your deferred maintenance backlog for facilities, roads, and abandoned mine restoration projects?

ANSWER: Recovery Act funds made important contributions to completing much needed deferred maintenance projects both within the Fish and Wildlife Service's National Fish Hatchery System and National Wildlife Refuge System. In total the Fish and Wildlife Service funded \$151.5 million of deferred maintenance, reconstruction, repair and energy retrofit projects. In the Fish Hatchery System, \$29.5 million, the equivalent of 4 years of a normal deferred maintenance budget, was devoted to projects for functions such as rehabilitating ponds and raceways, repairing water distribution and treatment systems, repairing pumps and utility systems, and rehabbing nursery buildings. In the Refuge System, about \$122 million, the equivalent of 3 years of normal deferred maintenance funding allowed repair of a wide array of water control structures, roads, buildings, and visitor facilities as well energy efficiency and renewable energy improvements. Finally the Service devoted \$5 million to provide temporary employment for high school and college aged youth. This allowed for completion of a variety of projects related to facility management, wildlife management, and improving visitor experiences for the visiting public while also strengthening an understanding of conservation needs among our young people.

A couple of examples of some larger deferred maintenance projects being completed under the Recovery Act highlight some of the benefits of these types of projects.

The National Elk Refuge in Jackson, Wyoming, replaced an outmoded irrigation system to improve 5,000 acres of natural foods for the world's largest concentration of wintering elk. The 25,000 acre National Elk Refuge is home to over 10,000 elk and 46 other mammals, including bison, and nearly 75 species of birds. These elk help to replenish herds over a multi-state area. More than one million visitors come to the refuge each year to enjoy the natural surroundings and view elk, bison, and other wildlife. The previous irrigation system consisted of canals dating from the late 1800s; it was in a very deteriorated condition and very inefficient. Failures in the old system encouraged elk and bison to congregate in too small an area and waste water and food. The new system provides more natural forage and will allow herds to disperse over a larger area. The new irrigation system will save water by preventing leakage, and will cover a larger area. A substantial savings is expected on food pellets, as the animals will be able to find natural food sources rather than relying on artificial supplements. Dispersing the herds also reduces the risk of disease transmission among the herd which is a major concern in this area.

A new Headquarters Office was constructed at Arrowwood NWR, ND to replace the one that was damaged by floods in the spring of 2009. The replacement building used standard designs to reduce costs and provide for energy efficiency. The old building, constructed in 1982, was built in an area not considered to be within the floodplain at the time. Because of the subsequent construction of Jamestown Reservoir, it was within the modified flood zone. There have been 2 major flood events in the past few years that have damaged this building; the 1997 summer flash-flood and extensive 2009 spring flooding. The building had become a health and safety issue for the staff and refuge visitors and is now being replaced with a building that is well outside the flood zone.

Moran Q39: How many jobs do you estimate will be created at the Service with your ARRA funds?

ANSWER: The Council of Economic Advisors provided a metric of 1 job per \$92,136 of Recovery Act funds spent to be used for estimating the number of jobs created. Using this metric with the Service's \$280,000,000 in Recovery Act funds provides an estimate of approximate 3,039 jobs created from the Service's ARRA funds.

White Nose Syndrome in Bats (WNS)

As you know, White-nose Syndrome (WNS) poses a grave threat to the United States' bats. Since its discovery in 2006, the disease has killed more than one million bats. WNS or its associated fungus has spread to 16 States and currently affects nine species, including the endangered Indiana and gray bats. The loss is so drastic that researchers are predicting regional extinctions of the little brown bat, one of North America's most common mammals, in the northeastern United States within 16 years.

Losing bats will likely cause ecological and economic consequences. Bats eat many insects that would otherwise attack crops such as corn, cotton, and potatoes, as well as trees used in forestry.

Moran Q40: Where in the FY 2012 budget are funds to address WNS?

ANSWER: The Service will continue to use re-directed Endangered Species Recovery Program (Declining Species) base funding for staff salaries to support coordination and discretionary Recovery Program funding (Preventing Extinction) to support research and grants to States.

Moran Q41: How do they compare to FY10 levels?

ANSWER: In FY 2010, we spent approximately \$5.2 million on WNS, including \$700,000 in salaries, \$2.6 million in discretionary funds and grants, and \$1.9 million from a Congressional appropriation. Much of this funding came from the same discretionary funding and grants level used in FY 2009. Using discretionary money and internal competitive grants to fund WNS, of course, means that other conservation priorities may not be addressed. Further spread of WNS into the Southeast and Mid-West may affect some of the nation's largest hibernacula, including those supporting ESA-listed species. Continued spread into the Southwest may also bring WNS into the area with the highest diversity of bat species in the U.S. Depending on the speed of this spread, we anticipate potential increases in expenditures for salary and for coordination and management, as well as for research and support to the States for their response. The Congressional earmark of \$1.9 million was used to fund research (\$1 million), State support (\$450,000), and Service coordination and management activities (\$450,000), and to provide some support for continuation of our efforts while mitigating the impact WNS is having on our other conservation priorities. Given the uncertainty of the Federal budget in 2011, the prospects of reduced funding for WNS at this time could have wide-ranging impacts on many different conservation issues across the nation.

White nose syndrome has presented enormous research and response challenges. With the uncertainty about how quickly and where WNS will spread, it is difficult to anticipate the total expenditure of funds into the future. We will continue to increase the involvement of our staff in addressing WNS, and these salary costs are more fixed than program funds. We have estimated spending about twice the salary level of FY 2010 in FY 2011, if WNS continues to spread to caves in areas of high bat density and diversity. We anticipate continuing to identify and fully use all available resources as we continue to coordinate response to WNS and its spread.

Moran Q42: In the short time since WNS was discovered, what progress has been made in addressing it? How are you prioritizing WNS?

ANSWER: The Fish and Wildlife Service is coordinating WNS response activities with more than 100 agencies, organizations, and institutions. In May 2011, the Service published "A National Plan for Assisting States, Federal Agencies, and Tribes in Managing White-Nose Syndrome in Bats." The plan outlines the actions necessary to coordinate Federal and State efforts and identifies actions in support of State, Federal, Tribal, and partner WNS management efforts. The Service has funded research on the fungus causing the disease, the impacts of the disease on bats and bat populations, and potential management controls. The Service has also provided funding to States for developing response plans, conducting surveillance and monitoring, participating in research, and implementing management actions. In addition to leading the development of a national plan to guide the response effort, the Service has issued a national cave advisory to reduce the risk that humans might spread the fungus to unaffected areas. Finally, the Service led the establishment of an inter-governmental WNS Executive Committee to oversee implementation of the national plan.

Addressing WNS is a high priority for the Service. A National WNS Coordinator, Assistant National WNS Coordinator, and Communications Specialist are assigned full-time to WNS. Also, each of seven Service Regions has a full or part time Regional WNS Coordinator. In addition, the Service has directed almost \$3 million in Preventing Extinction funding to WNS and over \$2 million in grants to States (SWG, RCN, NE RCN, and Section 6). Through FY2010, the Service has directed over \$9 million in funding to WNS.

Although Fish and Wildlife is the lead bureau for WNS response, other Federal agencies and bureaus such as USFS, BLM, USGS, NPS and DOD also play a role in addressing the disease.

Moran Q43: Can you please describe how the Service coordinates with these agencies on WNS, and how you ensure funds that you distribute to other agencies and partners are allocated in a timely and efficient manner?

ANSWER: The Service's Coordination team comprising the National WNS Coordinator, Assistant National WNS Coordinator, and Regional Coordinators works closely with the more than 100 agencies, organizations, and institutions involved in the response effort to share information; identify priorities and needs; coordinate research projects; establish protocols for surveillance and monitoring; define data collection and database management standards and reporting practices; and coordinate outreach activities. The Service leads a Federal and State agency team to develop the draft national plan and co-chairs the intergovernmental WNS

Executive Committee overseeing implementation of the national plan. In partnership with key agencies and organizations, the Service has sponsored and organized annual symposia to bring Federal and State agency biologists, NGO representatives, and researchers together to address key issues and plan response actions. The Service's coordination needs will increase as WNS, now found in 16 States and 3 Canadian provinces, continues to spread and as additional agencies, institutions, NGOs, and individuals become engaged in the response effort or are impacted by response actions. The number of States needing assistance also continues to increase.

In FY 2009 and FY 2010, the Service worked with partner agencies and key experts to identify research priorities and prepare a Request for Proposals (RFP) for research projects. Ensuring research proposals meet established priorities, build on previous work, and include all required information continues to present challenges, as does the workload associated with processing a large number of funding agreements. We are evaluating ways to speed this process. In FY 2010, the Service also issued a RFP for State Assistance grants; use of our existing Wildlife and Sport Fish Restoration grants process greatly facilitated the delivery of these grants.

Moran Q44: For the record, please have the Department make a list of expenditures in FY 2010 on WNS and what is included in the FY 2012 request for each bureau.

ANSWER: Below is a table presenting estimated Federal agency expenditures for WNS through FY2010. The Service's request for FY2012 does not include funding specifically for WNS; the Service intends to use its base funding, including discretionary program funding, to support staff salaries, research grants, and State assistance grants.

DRAFT - Government Agency Expenditures to Address White-Nose Syndrome (\$ in thousands)

		FY 07-08 Final S	FY 2009 Final \$	FY 2010 To Date \$	FY 2011 Estimate \$
FWS	Base Funds	396.15	586.11	712.71	>700.00
	Dedicated Funding	771.88	2,148.37	4,532.33	10.00*
	Total WNS Funding (all sources)	1,168.03	2,734.48	5,245.04	>710.00*
USGS	Base Funds	86.95	120.59	154.44	187.29
	Dedicated Funding	0.00	185.50	610.60	238.45
	Total WNS Funding (all sources)	86.95	306.09	765.04	425.74
	Base Funds			50.00	80.00
BLM	Dedicated Funding Total WNS Funding (all sources)	0	0	50.00	80.00
	Base Funds	1.00	4.00	10.00	10.00
APHIS WS	Dedicated Funding Total WNS Funding (all sources)	1.00	4.00	10.00	10.00
	Base Funds				
USFS	Dedicated Funding			1,815.00	
	Total WNS Funding (all sources)	0.00	890.00	1,815.00	2,000.00
	Base Funds	125.00	125.00	207.00	100.00
NPS	Dedicated Funding Total WNS Funding (all sources)	125.00	125.00	207.00	100.00
	Base Funds				
DoD	Dedicated Funding Total WNS Funding (all sources)	0	55.00	275.00	200.00**
	Base Funds				
States	Dedicated Funding				
(34	Total WNS Funding (all	475.00	1,206.00	7,999.00	11,875.00
reporting)	sources)	7,5.00	.,200.00	,,,,,,,,,,	11,075.00
Total WNS Funding					
Across All		1,855.98	5,320.57	16,366.08	
Agencies					

^{**}Information available to FWS as of March 31, 2011

Multinational Species Conservation Fund

The multinational species conservation program is a small program, but it has had a lot of impact protecting rare and spectacular species overseas. The budget request calls for a 15% reduction down to \$9.7 million.

Moran Q45: What impact will this reduction have on partners and on collaborator's work to conserve and protect African and Asian elephants, rhinoceroses, tigers, great apes and marine turtles and their habitats?

ANSWER: The U.S. Fish and Wildlife Service's Multinational Species Conservation Funds (MSCFs) provide essential funding to address the most acute needs for the conservation of endangered elephants, rhinos, tigers, great apes and marine turtles. In many cases, this support is the primary source of funding for projects that determine their survival. Assuming that the reductions are proportional across the five MSCFs, each fund will be obligated to reduce the number of proposals that can be awarded, and therefore reduce support to important field conservation efforts. Some illustrative examples follow:

The Rhinoceros and Tiger Conservation Fund has supported projects in all the remaining African rhino range states. A 15% decrease would reduce our ability to assist essential rhino protection in at least one country and would impact efforts to restore rhinos to areas where they formerly occurred but have been extirpated. This funding decrease would impede our ability to provide rations for scouts, consumable supplies for anti-poaching patrols, and operational costs for aerial and ground monitoring of critically endangered rhinos. Similar effects would be expected in Asia. Overall, 2010 saw the worst upsurge in rhino poaching since the late 1980's and the Rhino and Tiger funds are needed now more than ever.

In FY 2010, the African Elephant Conservation Fund supported projects in ten African countries. An additional 27 African countries are elephant range states but could not receive funding. The proposed reduction in funding would reduce support for elephant conservation activities in one or two countries, and as many as four or five national parks. In some areas, particularly in the Congo Basin, forest elephants are being heavily hunted for ivory. In the Democratic Republic of Congo, it is estimated that the numbers crashed from 130,000 to fewer than 7,500 in the past decade. An ongoing upsurge in elephant poaching in Gabon is resulting in a request for emergency assistance. Our ability to quickly react to emerging crises, and to proactively work to keep elephants and habitats secure will be considerably reduced.

Great Apes are in danger of becoming extinct in the wild due to low population numbers and the rate of decline in all species. A 15% decrease in funding will increase their vulnerability to ever-increasing threats due to habitat destruction and degradation, illegal hunting, and disease. Several ongoing programs to provide technical assistance and training to conserve great apes would cease. For highly-imperiled species of great ape such as the Cross River gorilla and Cao Vit gibbon, a reduction of this magnitude may have a significant impact on their survival.

Ivory billed Woodpecker

I see that your request has a reduction of \$1.2 million within your recovery program for the Ivory billed woodpecker. There was so much excitement a few years ago that perhaps this spectacular bird, the largest woodpecker in North America, might have been rediscovered after the belief that it was extinct for 50 years.

Moran Q46: What is the current biological status of the ivory billed woodpecker and should we now consider that it is, in sad fact, extinct?

ANSWER: Like many in the conservation arena, the Fish and Wildlife Service was hopeful that field season searches would lead to additional evidence for the persistence of the Ivory-billed Woodpecker in the Big Woods of eastern Arkansas and other parts of its historic range. Additional evidence was collected during the past five years that supports the hypothesis that Ivory-billed Woodpeckers continue to exist in Arkansas and other parts of the range. However, due to the inability to reliably locate birds, the Service cannot at this time conclude that a population of Ivory-billed Woodpeckers is established in this region.

If there is any change in current status such as new photographic evidence, video, repeated location of birds, identified roost cavity, or active nest(s), the Fish and Wildlife Service and its partners now have a comprehensive recovery plan ready to implement wherever and whenever it is needed.

Moran Q47: Is the Service still involved in bottomlands forest restoration, which may be too late for the ivory billed woodpecker, may none-the-less aid this endangered habitat type?

ANSWER: The Ivory-billed Woodpecker is an icon of southeastern floodplain forests and a symbolic reminder of our historic loss of these wetland habitats. Therefore, part of the initial funding from multiple Fish and Wildlife Service programs and the United States Department of Agriculture focused on planned refuge land acquisitions and private lands habitat restoration. In 2005 \$3 million was allocated for bottomland hardwood restoration, benefitting ducks, songbirds, black bear, turkey and deer as well as many other species.

The Fish and Wildlife Service is actively supporting, through multiple programs, bottomland hardwood restoration throughout the southeast. Wildlife refuge land acquisitions, Partners for Fish and Wildlife Grants, and Federal Aid Programs to the States all support restoration and management of these habitats.

Moran Q48: Is the Service engaged in other important habitat restoration efforts that can positively affect numerous species and provide economic benefits, such as the longleaf pine restoration effort in the Southeast?

ANSWER: The U.S. Fish and Wildlife Service, U.S. Department of Agriculture (Forest Service, Natural Resources Conservation Service and Farm Services Agency), and Department of Defense have joined with multiple State government agencies and nongovernment organizations to focus

on a shared goal: restoring the Southeast's important longleaf pine ecosystems. This initiative is called the America's Longleaf Restoration Initiative.

Longleaf forests once covered over 90 million acres from Virginia to Texas. Today, less than 3% remain. These forests are home to 30 federally listed threatened or endangered species, 10 designated candidate species, hundreds of species of migratory birds, hundreds of unique plants, and many species of conservation concern. Representing an extraordinary diversity of cultural and socio-economic values, they are "working forests." They will require active management to restore and need coordinated efforts with both public and private landowners.

America's Longleaf Restoration Initiative was established to seek opportunities to maintain, improve, and restore the longleaf pine across its historic range, with a goal of restoring longleaf ecosystems to 8 million acres over the next 15 years. About 80 percent of this longleaf restoration will need to occur on private lands through voluntary partnerships and cost-share programs. Prescribed burning, mechanical treatments, and commercial thinning is needed in existing longleaf. Restoration of the land of the longleaf pine supports landscape goals and promotes local economic sustainability.

Additionally, the initiative encourages and prioritizes strategically placed private lands restoration which helps sustain compatible land uses that buffer National Wildlife Refuges, National Forests, Military Bases, and State or locally owned conservation lands. The restoration initiative also aims to reconnect fragmented blocks of longleaf pine habitat and will provide a great model for landscape level conservation.

The National Wildlife Refuge System has 16 refuges that support longleaf habitat. These refuges support a range of longleaf habitat communities including mountain, sandhill, flatwood and savannah. The National Wildlife Refuge System is actively managing these habitats through burning and forest management practices for the benefit of threatened and endangered species and migratory birds.

Questions for the Record from Appropriations Committee Chairman Hal Rogers

Overnight Accommodations at Marinas

USFWS provides valuable wildlife refuges while accommodating public recreation opportunities. This includes overnight accommodations at marinas at select locations, particularly on houseboats.

Rogers Q1: Is the USFWS considering a blanket prohibition on overnight stays at marinas within USFWS refuge areas or site specific bans?

ANSWER: There are no Fish and Wildlife Service-wide (Service) plans to prohibit overnight stays at marinas located on national wildlife refuges. Should any prohibitions be considered in the future, the Service would share plans with the public, concessionaires, and partners for input prior to implementation.

Rogers Q2: In either case and if this is under consideration, what is the justification and potential timeline for such an action?

ANSWER: There is no prohibition being considered.

Rogers Q3: Are concessionaire economic loss considerations part of the calculus in implementing a prohibition?

ANSWER: There is no Service-wide action being considered. The Service would definitely address concerns over concessionaire's potential economic losses should any prohibitions be considered in the future.

Rogers Q4: If the agency is considering a ban, how would a proposed ban comply and meet standards identified in the President's Executive Order 12866 Section 2 (c) and Section 5?

ANSWER: There is no prohibition being considered.

Questions for the Record from Mr. Calvert

Western Riverside County MSHCP

The Implementing Agreement for the Western Riverside County MSHCP clearly states that lands within the boundaries within the MSHCP should not be designated as critical habitat unless the Fish and Wildlife Service finds that the Plan is not being implemented. Your Department/Agency signed that Implementing Agreement. Nonetheless, the Fish and Wildlife Service recently overlaid critical habitat for the Santa Ana Sucker on MSHCP lands. Fish and Wildlife has done the same with a number of other species as well, though I cannot find where FWS makes the claim that the MSHCP is not being implemented.

In fact, they can't claim this because it's simply not true. The MSHCP has a 25 year implementation period and we are only about six years into that period. Even in that short time, the Regional Conservation Authority alone has spent \$257 million to preserve almost 27,000 acres for the Plan. Overall, nearly \$400 million has been spent to preserve about 43,000 acres of land.

I understand that my constituents have met with Fish and Wildlife on this issue and, through a letter, have initiated a dispute resolution process that requires you response to their letter by the beginning of April. I'm told that your agency is working cooperatively with them and I hope that continues.

Calvert Q1: Can you affirm that Fish and Wildlife will respond to their letter on time and live up to its responsibilities by removing Critical Habitat designations for all species within the MSHCP?

ANSWER: The Service will respond to the letter. As written in the Implementing Agreement (IA) for the MSHCP, the Santa Ana sucker is one of nine species identified as requiring a reassessment of critical habitat based on legal challenges. Although critical habitat has been designated on some land subject to the provisions of the MSHCP, the Service cannot impose measures as a result of these designations in excess of that that would have been required of the permittees under the MSHCP. With regard to critical habitat within the MSHCP, recent revisions to our critical habitat designations were the result of legal challenges based on our previous exclusion of the areas within the MSHCP. Any future revisions to critical habitat for any species are dependent on available funding and the timing of any revisions would be contingent upon ensuring outstanding court-ordered due dates for other pending listing and critical habitat actions can be met.

The Service recognizes the ongoing efforts of the WRC-RCA to fulfill its obligations under the MSHCP, and is committed to continuing to work in good faith with them to implement the MSHCP to conserve our covered species and their habitats.

Calvert Q2: It is very difficult to understand how local governments or anyone else can do business with the Service when clear agreements are violated with no cause. The burden of proof to show why MSHCP land was designated as critical habitat for any species is on the Service and I have not seen that proof. Can you offer assurances that the critical habitat designation will have no effect under Section 7?"

ANSWER: In accordance with section 4(b)(2) of the Endangered Species Act of 1973, as amended (ESA), the Service weighed the benefits of excluding versus including areas of essential habitat covered by the MSHCP as critical habitat for the Santa Ana sucker. This weighing analysis is explained in detail in our final rule. The Service determined that for the Santa Ana sucker the partnership benefits of excluding lands covered by the MSHCP from critical habitat do not outweigh the regulatory and educational benefits afforded under section 7 of the Act. Based on this analysis, the Secretary made a determination to not use his discretion to exclude essential habitat for the species within the MSHCP from critical habitat.

We are working with WRC-RCA to amend our internal biological opinion for the WRCMSHCP to analyze the effects of covered activities on critical habitat for Santa Ana sucker and other species. This approach should adequately address WRC-RCA's concerns and reassure the permittees that designation of critical habitat will not lead to additional obligations for their covered activities. However, the designation likely will affect activities not covered by the plan within critical habitat that involve Federal funding, authorization, or approval.

Critical Habitat Designation for the Santa Ana Sucker

In December of 2010, your agency revised the Critical Habitat Designation for the Santa Ana Sucker. Several Members of this Congress, including myself, contacted you in advance of your action requesting that the U.S. Fish and Wildlife Service take into account critically important economic and infrastructure concerns that were raised by a group of local stakeholders before that Critical Habitat Designation was made.

Calvert Q3: Can you explain to us why your agency disregarded these concerns in issuing the revised habitat?

ANSWER: The Service took all comments from Members of Congress and stakeholders into consideration when making the revised final designation of critical habitat for the Santa Ana sucker. We consider the economic impacts of specifying any particular area as critical habitat. We conducted an economic analysis to estimate the potential economic effect of the critical habitat designation. A draft of the economic analysis was made available for public review and comment. The final economic analysis quantified the economic impacts of all potential conservation efforts for Santa Ana sucker; some of these costs will likely be incurred regardless of whether or not we designated critical habitat (baseline). After consideration of the economic impacts, the Secretary did not exercise his delegated discretion under section 4(b)(2) of the Act to exclude any areas from the final critical habitat designation based on the economic impacts.

Significant economic and infrastructure concerns were expressed by stakeholders regarding the proposed designation of critical habitat in Plunge Creek above Seven Oaks Dam that is not known to be occupied by the species. In the final revised rule, the Service removed this area from designation. Additionally, the Service believes costs identified in the economic analysis are not realistic because any projects with a Federal nexus that would impact the Santa Ana sucker would still require consultation with the Service because the Santa Ana sucker is listed under the Act; therefore, the costs are not associated specifically with the designation of critical habitat. Rather,

they are baseline costs that would be incurred regardless of critical habitat. Also, the Service does not believe all water rights for diversion will be curtailed as was asserted in some of the comments received on the proposed rule.

Recent critical habitat designations for several species have included lands occurring within the boundaries of the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP). There are 11 species that have designated critical habitat that falls within the MSHCP boundary. Three of these 11 designations are limited to Forest Service lands within the MSHCP boundary. However, Federal lands are not included in the plan. The other eight designations include Federal and non-federal lands within the MSHCP boundary. Ten designations have occurred since the MSHCP was completed and one 2002 revision was challenged and reinstated by the court. In making our final designations, the Service first identified those lands that met the definition of critical habitat under the Act. The Service then considered several factors including relationships with participating jurisdictions and other stakeholders, conservation measures and management that are in place on these lands, and impacts to current and future partnerships. The FWS is required by the Act to weigh the benefits of exclusion against the benefits of inclusion. In these instances where the Service designated lands within the MSHCP, we reviewed and evaluated the benefits of inclusion and benefits of exclusion and the rationale for inclusion or exclusion is explained in detail in each rule.

Calvert Q4: Areas of dry riverbed have been included in the revised Critical Habitat for the Santa Ana Sucker. How many Santa Ana Suckers live in the dry riverbed? Why was dry riverbed included in a Critical Habitat Designation for the Santa Ana Sucker? Is there any precedent for such an action?

ANSWER: The once free-flowing, perennial Santa Ana River has been altered to meet water demands in the region by dams, water diversions, and groundwater pumping. This alteration has lead to the seasonal absence of water. While there may be extended periods where portions of the dry riverbed are not occupied by Santa Ana suckers, these areas are important because they provide for water and coarse sediment delivery to occupied areas downstream that are occupied by the species.

In accordance with the ESA, critical habitat may be designated on an area within the geographic range of a species at the time it is listed if it is determined to be essential to the conservation of a species. Critical habitat may also be designated on a geographic area outside the known range of a species at the time of listing (unoccupied) if it is determined the area is essential for conservation of the species. Both are fairly common occurrences in critical habitat designations.

Calvert Q5: The Santa Ana Sucker was protected under an existing Habitat Conservation Plan and a Critical Habitat Designation, both of which had been in place for many years. Local agencies were working in partnership with your agency to study the fish and protect its future. Why was a revised Habitat Designation necessary?

ANSWER: Several environmental groups filed suit against the Service alleging the 2005 final designation of critical habitat violated provisions of the Act and Administrative Procedure Act [(California Trout, Inc., et al., v. United States Fish and Wildlife, et al., Case No. 07-CV-05798

(N.D. Cal.) transferred Case No CV 08-4811 (C.D. Cal.)]. The plaintiffs alleged that our January 4, 2005, final revised critical habitat designation for the Santa Ana sucker was insufficient for various reasons and that we improperly excluded areas in the Santa Ana River as critical habitat. Furthermore, the Santa Ana sucker designation of 2005 was also one of several rulemakings the Service determined needed to be re-examined because of allegations of scientific interference by a former Department of the Interior official. The Service is carefully looking at each new proposed or final rule designating critical habitat with an aim of developing rulemakings that can withstand legal challenges.

The Bay Delta Conservation Plan

We are now all aware of the UC Davis studies that demonstrated the fragility of the Delta levee system and the threat to California's water supply posed by an earthquake in the Delta of magnitude 6 or greater. In the wake of the disaster in Japan wrought by a massive earthquake and accompanying tsunami, it is clear that we must move swiftly to address this vulnerability for California. The Bay Delta Conservation Plan has slipped behind schedule recently and the date for the Draft Environmental Impact Statement has been pushed back to November.

Calvert Q6: What assurances can the Fish and Wildlife Service provide that this deadline will be met?

ANSWER: Because the Bay Delta Conservation Plan (BDCP) is a complex multilateral HCP proposal being prepared by the State of California and several water contractors, the Service is not a primary driver of the schedule. The Service, cannot, therefore, guarantee that the deadline will be met. We are, however, committed to working with our partners to move forward on the BDCP as quickly as possible.

Calvert Q7: Governor Jerry Brown's administration is on record in full support of the Bay Delta Conservation Plan and the timely completion of this planning process.

Has the Department of the Interior and the Fish and Wildlife Service formally expressed their dedication to the timely completion of the BDCP to the Brown Administration?

ANSWER: The Department of the Interior and its agencies have asserted their commitment to the BDCP in multiple documents, including the Federal Interim Action Plan, the Federal BDCP status report issued in December 2010 as a companion to the State's BDCP transition document, and elsewhere. The Service is committed to the timely completion of the BDCP.

Delta Smelt

Judge Wanger, in his summary judgment ruling in the Delta Smelt case, ruled that using a life cycle model to evaluate the impacts of water project operations on delta smelt was "the preferred scientific methodology", and that the Fish and Wildlife Service's (FWS) failure to develop and use such a model was "inexplicable." The National Research Council's 2010 report, A Scientific Assessment of Alternatives for Reducing Water Management Effects on Threatened and Endangered Fishes in California's Bay-Delta, also recommended that development of a Delta

smelt life cycle model be "a high priority" within the FWS. Two renowned fish population modeling experts who were retained by the water contractors, Drs. Richard Deriso and Mark Maunder, have now developed a Delta smelt life cycle model. The FWS also has indicated in the Delta smelt litigation that it is developing a life cycle model.

Calvert Q8: Is the FWS willing to cooperate with Drs. Deriso and Maunder in the joint development and use of a Delta smelt life cycle model which can be used to evaluate the impacts of water project operations and other stressors on Delta smelt?

ANSWER: The Service is very interested in the further development of delta smelt life cycle models, and is aware of several ongoing efforts to develop life cycle models that have practical value as management tools. One of those efforts is headed by a Service statistician. However, all of these efforts are preliminary. When Drs. Maunder and Deriso presented their model at an Interagency Ecological Program meeting in the fall of 2010, they themselves acknowledged that their effort was, first of all, focused on developing a modeling framework for life cycle modeling of smelt. Key internal assumptions were described as provisional. Since then, Service personnel have corresponded with Dr. Maunder on the assumptions of his model, and will continue to do so.

Life cycle models are tools whose primary value is to integrate multiple growth and mortality processes that affect a population through the various life stages. As such, both the model framework and the correctness of internal model assumptions are paramount in determining the practical usefulness of a model. Simply having, or even publishing, a life cycle model framework does not assure that it is a suitable tool for management.

The Service remains committed to the use of the best available scientific tools to conserve the critically imperiled delta smelt, and encourage Drs Maunder and Deriso to continue to work with Service biologists and others to develop and improve their model. The Service collaborates with eight other Federal and State agencies to support the Interagency Ecological Program, which provides a cooperative forum for discussions of Bay-Delta modeling and science. Presentations by Drs. Maunder and Deriso in that forum are always welcome.

Calvert Q9: Wouldn't such cooperation expedite the development of such modeling, facilitate broader acceptance of modeling results, and set a beneficial precedent for scientific openness and cooperation between stakeholders and the Government? Can you commit today to including Drs. Deriso and Maunder in FWS' life cycle modeling effort?

ANSWER: The National Research Council's panel provided advice to the Federal agencies on its view of the most important steps to reduce scientific uncertainty regarding key conservation management questions. Much of the specific advice focused on development of integrated modeling. The key points of the discussion pertained to more global issues, including integrating analyses of multiple species, physical modeling, and analysis of water project operations. As the NRC acknowledged, the level of integration that the panel envisioned as a target is very difficult to achieve. The Service views the NRC advice more as encouragement to continue to support development of integrative tools than as "criticism" that such tools are not already available.

The Service is very interested in biological model development and has a record of scientific openness. At present there are several agency and private groups working on integrative modeling projects involving Bay-Delta ESA-listed species, including delta smelt and anadromous salmonids.

The Service sees the current constellation of sometimes competing modeling programs as a credible and effective approach to making progress in the areas identified by the NRC, but is certainly interested in supporting or encouraging promising new modeling collaborations.

Calvert Q10: The National Research Council's 2010 report, A Scientific Assessment of Alternatives for Reducing Water Management Effects on Threatened and Endangered Fishes in California's Bay-Delta, criticized the FWS for not conducting a comprehensive "integrative" analysis of both the biological benefits and water supply costs of the Reasonable and Prudent Alternatives (RPAs) in the Delta smelt Biological Opinion. According to the National Research Council panel, "there should have been an integrative analysis of the RPAs with quantitative tools."

What assurances can you provide that the FWS will conduct a comprehensive integrative analysis of the biological benefits and water supply costs of any RPAs that will be considered in the future when the new delta smelt Biological Opinion is developed?

ANSWER: The FWS is currently in the process of developing a process to fully comply with the District Court's Final Judgment (of March 28, 2011) that requires that we evaluate the first three factors of the four part regulatory definition of an Reasonable and Prudent Alternative (RPA) in 50 C.F.R. § 402.02 and include those findings in our administrative record and draft biological opinion. The Service does not have the requisite expertise to make such findings but expects to work with Reclamation as it conducts a full NEPA analysis (of any proposed RPA, alternatives to the RPA and effects such as water and economic costs) to develop this information.

Calvert Q11: Do you agree that there must be solid scientific evidence – not merely speculation and conjecture – that a proposed RPA will provide specific biological benefits to Delta smelt before it may be imposed in a Biological Opinion, particularly when the proposed RPA has large water supply costs?

ANSWER: The Endangered Species Act requires that the Service use the best available science to make findings regarding the status of a listed species, the effects of a proposed action on the species or critical habitat, the determination of jeopardy/no jeopardy to listed species or destruction or adverse modification, and in the development of any reasonable and prudent alternatives to jeopardy. The Service will continue to make every effort to work with the Action agency (in this case, Reclamation and its applicant, California's Department of Water Resources) to develop alternatives that minimize water costs while providing necessary protections for the species.

Calvert Q12: What procedures do you have in place to assure that only the best available science is used in writing Biological Opinions and RPAs? Given that the Delta smelt Biological Opinion and some of its RPAs were recently overturned by the Federal Court as arbitrary and capricious

and not based on the best available science, what went wrong with this process and how will FWS assure that such errors will not recur in the future?

ANSWER: The Endangered Species Act requires that the Service utilize the best available science to make findings regarding the status of a listed species, the effects of a proposed action on the species or critical habitat, the determination of jeopardy/no jeopardy to listed species or destruction or adverse modification, and in the development of any reasonable and prudent alternatives to jeopardy. The Court did not find fault with the basic science underlying the RPA, but rather with the justification provided for certain numeric criteria and uses of modeling. Efforts are underway to review the relevant science application issues in order to address the Court's findings and resolve these issues.

Riverside County Habitat Conservation Plan

Although the population of Riverside County grew by 42% in the last decade, and its highly-regarded multiple species habitat conservation plan is intended to accommodate infrastructure development while protecting threatened species, the recession has curtailed the County's ability to acquire needed habitat. Legislation is being crafted to authorize federal loan guarantees for habitat acquisition, so that Riverside county and other sponsors of HCPs can acquire habitat while prices are low.

Calvert Q13: Would you support that legislation?

ANSWER: The Service is unable to take a position on legislation that we have not reviewed.

Questions for the Record from Ms. McCollum

Mississippi River

The conservation challenges along the Mississippi River and its watershed are daunting. Invasive species, agricultural runoff, emerging wind power issues, and other conservation issues are further complicated by the number of State and Federal agencies that share jurisdiction over the areas that influence the river.

McCollum Q1: What actions are being taken by the U.S. Fish and Wildlife Service to better coordinate its habitat conservation activities along the Mississippi River with other federal and State agencies?

ANSWER: The Service is establishing a new business model with our Federal, State, tribal, and NGO partners to promote landscape scale natural resource management and leverage the conservation capacity of individual organizations to attain biological outcomes larger than any one partner could achieve alone. These organized partnerships form the basis of the Department of the Interior's Landscape Conservation Cooperatives (LCCs). LCCs will identify landscapes, habitats, and species that are most vulnerable; define clear conservation objectives; and focus management actions where they will be most effective on the landscape. The 2012 budget proposes an increase of \$10.2 million for LCCs.

Three of the LCCs in the U.S. Fish and Wildlife Service's Midwest Region provide direct conservation value to the Mississippi River Basin (MRB). These are the Eastern Tallgrass Prairie and Big Rivers (ETP) LCC, Upper Midwest and Great Lakes (UMGL) LCC, and the Plains and Prairie Potholes (PPP) LCC. Service personnel will start with preliminary work on the Eastern Tallgrass Prairie and Big Rivers LCC in FY 2011. The UMGL and PPP LCCs became operational in FY 2010.

The UMGL LCC boundary captures a large portion of the Upper MRB "main stem" (including the headwaters), and the PPP LCC captures a large portion of the MRB's major tributaries (i.e., Minnesota River and Missouri River). As such, these LCCs are valuable tools for conservation, restoration, and biological monitoring and research activities that promote the Mississippi River system. Additional information on LCCs being administered by the Service's Midwest Region can be found clicking on the interactive LCC map found at: http://www.fws.gov/midwest/climate/LCC.cfm.

LCCs will expand efforts to provide technical and financial assistance to private landowners in order to conserve and restore lands that will improve wildlife values while sequestering carbon, and this will yield important conservation benefits to the MRB given the amount of privately-owned prairie and agricultural land present in the basin.

LCCs will accelerate the development of a monitoring system (part of a national strategy coordinated with the U.S. Geological Survey, Bureau of Land Management, and National Park Service) for the National Wildlife Refuge System (NWRS). This monitoring system will provide direct benefits to the MRB in the form of enhanced resource management activities at Minnesota

Valley National Wildlife Refuge, Upper Mississippi River National Wildlife and Fish Refuge, and other units of the NWRS within the basin. The 2012 budget includes \$8.0 million to accelerate the development of this monitoring system.

Interagency Groups

The Service also seeks to enhance interagency coordination and collaboration within the MRB through its continued participation in a variety of interagency partnerships that are actively engaging in regional planning and project implementation. These groups include the Midwest Natural Resources Group (MNRG), Upper Mississippi River Basin Association (UMRBA), Mississippi Interstate Cooperative Resource Association (MICRA), Middle Mississippi River Partnership (MMRP) and Upper and Lower Mississippi River Conservation Committees (UMRCC and LMRCC).

In 2009, the MNRG, a formal partnership of 14 Federal agencies with a shared interest in natural resource conservation in the Midwest, issued a "call to action" to promote natural resource and watershed sustainability within the MRB. The Service was a signatory to this document, which adopts a watershed approach to help promote the following in the MRB: a shared vision; holistic and integrated management of the region's natural, cultural and economic resources, and; an intergenerational commitment to achieve these objectives. In signing on to this "call to action," the Service is trying to do its part to enhance our collective ability to address multiple transboundary challenges confronting public and private lands throughout the MRB.

McCollum Q2: What investments are being made in the Upper Mississippi River watershed?

ANSWER: See enclosed table

McCollum Q3: What funding sources does the Service have to restore and protect the fish and wildlife resources of the Mississippi River?

ANSWER: See table on following page.

U.S. Fish and Wildlife Service

Upper Mis (UMRB)	ssissippi River Basin Crosscut (000's)	2009 Actual	2009 ARRA	2010 ARRA	2010 Enacted	2011 Request	2012 Request
FWS Total		25,205	880	8,893	25,225	26,205	NOTE: The FY
Research/Sc Resource Ma							2012 budget request does not
resource ma	Migratory Birds (123X)	100	0	0	100	100	indicate precisely
	Science (LCC) (14XX)	0	0	0	20	1,000	how much is being
Subtotal Re	search/Science	100	v	v	120	1,100	requested for
Subtotal, Ne	search/science	100			120	1,100	activities in the
Restoration Resource Ma							UMRB. However, the base funding request for FY12 is
	Endangered Species (111X)	1,051			1,051	1,051	generally consistent with the amount requested in FY11 (\$26.2
	Partners for Fish &						million), as shown
	Wildlife (1121)	3,567	125	620	3,567	3,567	in this table.
	Habitat Restoration						
	(1122-1125)	2,674	0	0	2,674	2,674	
	Contaminants (113X)	493			493	493	
	Fisheries (1311, 132X,						
	133X, 134X)	3,866	<u>33</u>	<u>70</u>	3,866	<u>3,866</u>	-
Subtotal, Re	<u>storation</u>	11,651	158	690	11,651	11,651	
Other Land	Management Activities						
Resource Ma	nagement						
	Refuge base operations						
	(1261)	13,454	<u>722</u>	8,203	13,454	13,454	_
	her Land Management						
Activities		13,454	722	8,203	13,454	13,454	

Questions for the Record from Mr. Flake

Mexican Gray Wolf Recovery Population

According to the latest survey, Arizona currently has fifty Mexican gray wolves in the wild. The recovery plan calls for a hundred wolves.

Flake Q1: After what occurred in the Northern Rockies - where wolves far exceeded recovery plan objectives, were delisted, then were re-listed, and responsibility has not yet been fully returned to affected States - what guarantee do we have that the Mexican gray wolf will be delisted when the recovery objective of a hundred wolves is met?

ANSWER: The 2010 annual wolf count resulted in a minimum of 29 wolves in Arizona and 21 in New Mexico for a minimum of 50 Mexican wolves in the wild. The 1982 Mexican Wolf Recovery Plan did not include recovery criteria on which to base a determination that the species could be delisted. At the time the recovery plan was developed, there were no wild populations of Mexican wolves on which to base criteria for appropriate population sizes and densities, prey densities, etc. The recovery team, therefore, could not determine appropriate criteria for delisting. Instead, the objective of 100 wolves in the wild is an interim number intended to provide for the survival of the species and to maximize and maintain as much genetic diversity as possible from the captive founder population of 10 animals. We have convened a new recovery team for the Mexican wolf, which will develop recovery criteria that will lead to the delisting of the Mexican wolf.

Arizona Wildlife Conservation Organizations as Stakeholders

It is my understanding that the U. S. Fish and Wildlife Service is in the process of updating the Mexican gray wolf recovery plan. It is also my understanding that the Service has identified a recovery plan team that, among other members, is purported to include "stakeholders from the livestock community, conservation community, and other local interests" and that there are unfortunately no representatives from Arizona Wildlife Conservation Organizations (WCOs) among them. This is apparently despite requests made by numerous groups and the Arizona Game & Fish Department to include them as a stakeholder. The Service apparently indicated to the Arizona Game and Fish Department that WCO's would be represented by New Mexico Council of Outfitters and Guides. In the aggregate, it would appear that thousands of Arizonans, in no way connected to the New Mexico Council of Outfitters and Guides, are not being represented.

Flake Q2: Why were Arizona stakeholders excluded? What actions can you take to insure them a stakeholder position?

ANSWER: We have asked the Arizona Wildlife Federation to participate on the Mexican Wolf Recovery Team and represent the Arizona sportsmen and women in our planning process. The Arizona Wildlife Federation will participate on the Stakeholder Liaison Group of the Recovery Team.

Flake Q3: Can you please provide documentation related to the process used to select the members of this specific recovery plan team?

ANSWER: We selected individuals from a broad spectrum of interest groups and involved entities to be on the Mexican Wolf Recovery Team, recognizing that we could not include all interested parties and have an effective team. The recovery team thus consists of four groups, including the Science and Planning Group, Stakeholder Liaison Group, Agency Liaison Group, and Tribal Liaison Group. These groups together are comprised of livestock producers; sportsmen groups; environmental groups; County, State, and Federal agencies in the United States and Mexico; scientists; and Tribes.

Lawsuits Rather Than Science

Lawsuits continue to dictate wildlife policy, not sound science. The Northern Rocky wolf experiment is a perfect example.

Flake Q4: What can the Service do to mitigate the impact of these lawsuits?

ANSWER: The Service places the highest importance on using sound science to inform our ESA decisions and believes this is the best way to avoid adverse legal decisions.

Endangered Species Act Consultations

The October 2010 GAO study noted that "Five Border Patrol stations reported that as a result of consultations required by section 7 of the Endangered Species Act, agents have had to adjust the timing and specific locales of their ground and air patrols to minimized the patrol's impact on endangered species and critical habitat." For example, on the San Bernardino National Wildlife Refuge in Arizona, the Border Patrol noted that vehicle access has been restricted, though the Border Patrol supervisors determining on a case-by-case basis if vehicle access is "critical." I think many are familiar with the Endangered Species Act consultation process being used when federal or other construction projects could have in impact on an endangered species or critical habitat, but these are consultations having to do with Border Patrol operations.

Flake Q5: While to date the Border Patrol have apparently been able to adjust their patrols with little loss of effectiveness, do you anticipate continued use of the section 7 consultation process when it comes to Border Patrol operations?

ANSWER: We stand ready to conduct section 7 consultation if requested by the Border Patrol. We recommend, and the Endangered Species Act requires, that a Federal agency request section 7 consultation on any action they fund, authorize, or carry out. We believe that a programmatic approach to section 7 consultations on border operations would best serve the interests of both agencies.

Thursday, March 17, 2011.

THE U.S. GEOLOGICAL SURVEY FY 2012 BUDGET

WITNESSES

DR. MARCIA K. McNUTT, DIRECTOR, U.S. GEOLOGICAL SURVEY SUZETTE KIMBALL, DEPUTY DIRECTOR, U.S. GEOLOGICAL SURVEY CARLA BURZYK, DIRECTOR, OFFICE OF BUDGET, PLANNING, AND IN-TEGRATION, U.S. GEOLOGICAL SURVEY

OPENING REMARKS OF CHAIRMAN SIMPSON

Mr. SIMPSON. Good morning. The committee will come to order. Good morning, Director McNutt. I would like to welcome you along with the deputy director and the budget director, and thank you for being here today. We have a lot to talk about, so I will be relatively brief, not entirely, but relatively brief.

The 2012 budget request for the USGS is one of those where I wish we could have someone from the White House come up, place a hand on the Bible, raise his or her right hand, and proceed to explain him or herself, because this is a budget that does four things as I see it. First, by cutting \$89 million and 230 FTEs from core science programs, this budget runs counter to the President's

commitment to restore science to its rightful place.

Second, by proposing Washington Monument-type cuts to programs like endocrine disruptor research and streamgages that the American people deeply care about, the budget shows that this Administration is willing to play games with this Congress by testing

our resolve during these serious fiscal times.

Third, by inheriting the full funding responsibilities for Landsat 9 and 10 from NASA without any of NASA's \$19 billion budget, and by offsetting the \$48 million increase for Landsat from other core science programs, this budget is a sign of the untenable situation we are likely to be in two years from now when the Administration sends up a budget request for Landsat that is nearly 10 times the increase proposed in fiscal year 2012. We might just as well rename USGS to National Land Imaging Agency.

Lastly, water is life. How is it that the Nation's premier science agency can claim that climate change is real and is happening rapidly, and that these changes are having profound effects on our Nation's water supplies, and then go and cut its own water budget by 10 percent? What does this say about the Nation when our priorities do not even include one of the most basic ingredients to

human survival?

With the United States borrowing 40 cents on every federal dollar we spend, there is near-universal, bipartisan agreement that we need to cut back on spending. But there is a right way to go about it, and there are ways that make absolutely no sense at all. This

budget is one of those problems.

The Administration has sent to this Committee a budget for the USGS that is simply, in my view, unacceptable. We have a lot of work to do between now and October 1st. I look forward to our discussions today and appreciate your help in providing this Committee with the information it needs to do its job.

With that, I am happy to yield to the gentleman from Virginia, Mr. Moran.

OPENING REMARKS OF CONGRESSMAN MORAN

Mr. MORAN. Thank you, Mr. Chairman. I just want to associate myself with the remarks of the distinguished chairman. I did not find anything that you said that I would disagree with. In fact, I agree strongly with the points that you have made, Mr. Chairman, with regard to this budget.

Before I start, though, I do want to thank Dr. McNutt for her important work on the scientific response to the BP Transocean Deepwater Horizon oil disaster in the Gulf, and Ms. Burzyk and Dr. Kimball and all of the staff of USGS, you do a great job. Dr. McNutt's experiences as a distinguished geophysicist and expert in marine sciences made her contributions to the Gulf oil response vital. I hope we do have time to talk about lessons learned from that oil disaster because there is an important role for both enhanced federal regulation and enhanced federal science.

As I say, though, Mr. Chairman, I could not agree more with you that this budget request is deeply troubling. It does include a large funding increase but for new responsibilities, the cost of future Landsat rockets. There is an overall increase of \$50 million for Landsat but many of the core, reliable and necessary science programs at the USGS have been cut to make room for Landsat. That does not make sense. So I hope we can work together to figure this out and to rectify I think the wrongheaded decision, frankly, that the Administration has made.

The Nation does need Landsat but it also needs the research, as the chairman says, on water quality, on groundwater streamgages, mineral science, mapping, biology, earth sciences. All of those are cut in this request. The budget requires the loss of 230 full-time-equivalent positions, the most of any Interior bureau and the second only in this whole subcommittee bill to the 1,760 FTE reduction at the Forest Service, which of course is in the Department of Agriculture. So here we are, an Administration that has committed itself to the advancement of science cutting 230 people in an agency that frankly is anything but a large bureaucracy. These are scientists that are highly skilled and deeply committed. So we should not allow this reduction and loss of scientific talent.

Land management government activities at all levels and a wide range of industrial activities all rely on the science and inventory work accomplished by the USGS. We need to support our Nation's physical and biological sciences if we are going to make the right decisions. So it is pennywise and pound foolish to cut these research and development programs.

With that, I again thank you for chairing and holding the hearing, Mr. Chairman.

Mr. SIMPSON. Thank you. I appreciate your comments and agree with them.

Mr. MORAN. Thank you, Mr. Chairman.

Mr. SIMPSON. Dr. McNutt, welcome today and we look forward to your testimony and working with you on this budget.

OPENING REMARKS OF MARCIA K. MCNUTT, DIRECTOR

Dr. McNutt. Thank you very much for your statements, and good morning, Chairman Simpson, distinguished members of the subcommittee, and happy St. Patrick's Day to all.

I would like to begin my testimony with a passage from a forth-coming book by Washington Post reporter Joel Achenbach that is entitled, "A Hole at the Bottom of the Sea: The Race to Kill the BP Oil Gusher." In the book's prologue, he describes how a critical breakthrough in stopping the oil spill occurred in an obscure USGS lab. He ends the prologue as follows: "In crunch time, call in the nerds as well as the cowboys. You never know when someone's fantastically esoteric expertise may be called upon to save the country." And then he dedicates the book to the Horizon 11, not forgotten, and to all the people everywhere who do the hard work unseen.

So why am I telling you this story? Well, the President's 2012 budget for the USGS is a delicate balancing act between executing the Administration's top priorities while still maintaining the USGS core mission, all within an austere budget cap, so that the USGS will be able to respond no matter where, no matter how, whenever we are called upon to do our job to help save the Nation unseen.

In a particular example from the Macondo well, one of the heroes in the story is a groundwater researcher, because not only water flows in reservoirs. His timely work avoided \$3 billion in additional oil pollution to the Gulf. We have to maintain talent like that despite tough choices in our water programs.

As another example, Japan was just hit by a tragic and devastating 9.0 earthquake and tsunami, and shame on us if we do not learn from their misfortune. Japan is the most advanced nation in terms of seismic hazard, and their earthquake early warning system saved thousands of lives.

With ARRA funding, USGS got a big leap up on our own early warning system in the Advanced National Seismic System. Funding to implement a prototype is now caught up in the uncertainty of the 2011 budget but we continue to plan for it when our funds become available.

The President's 2012 budget does include provision to begin the National Land Imaging Program, as you mentioned. It is a home for a Landsat series of satellites. Landsat, over its nearly 40-year history of continuous monitoring of Earth from space, has become the gold standard for revealing land use from space on a planetary scale at 30-meter resolution. Users include educators, government at all levels, agribusiness, water managers, the commercial sector and NGOs and they have downloaded more than 4 million scenes.

The advent of Google Earth has lowered the technology threshold to data usability for all. While NASA will still be our partner with responsibility for spacecraft instrument integration and launch by aligning budgetary authority with the USGS, major programmatic decisions will be made with the best interest of the user community in mind. Landsat belongs with the USGS just like weather satellites belong with NOAA.

USGS is also benefiting from another Administration priority, America's Great Outdoors. Funds will allow us to work with existing partners on the landscape level in places like the Great Lakes on invasive Asian carp or on the Chesapeake on endocrine disruption in fish populations. In many cases, these funds are helping to maintain key capabilities in mapping, GIS, toxic-substance hydrology, water quality and other core functions that are suffering from

cuts to our programs elsewhere in the budget.

Finally, in closing, thank you to this subcommittee for your support in the USGS recent realignment in our management structure. The budget you have before you reflects the new structure which aligns our management with our performance metrics, with our strategic plan, and with our budget. The mission of the USGS has in no way changed and our programs are intact. Rather, I can now be more accountable to you and the American public for the important science and science services we provide in natural hazards, energy, minerals, water, land use, climate change adaptation, mapping and ecosystem science. I want to thank you for the strong, bipartisan and very fair support of the USGS you have provided, and I am happy to answer your questions.

[The statement of Marcia K. McNutt follows:]

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Statement of
Dr. Marcia K. McNutt, Director
U.S. Geological Survey
Department of the Interior
before the

Committee on Appropriations,
Subcommittee on Interior, Environment and Related Agencies
U.S. House of Representatives
March 17, 2011

Good morning, Mr. Chairman and Members of the Subcommittee. Thank you for the opportunity to appear before you today to discuss the Administration's 2012 budget request for the U.S. Geological Survey (USGS).

Much about the USGS has changed in the year since we last sat together in this room to discuss funding for the important work the USGS does for the Nation. The USGS has realigned its management structure, moving from an organizational structure of single and separated disciplines to form interdisciplinary mission areas as outlined in the USGS Science Strategy: "Facing Tomorrow's Challenges—U.S. Geological Survey Science in the Decade 2007-2017" (U.S. Geological Survey, 2007). I appreciate the Subcommittee's support for the realignment. The 2012 USGS budget request formally aligns the USGS budget structure with the new mission area management structure. We are already seeing evidence that bringing expertise from several Earth science disciplines together through these mission areas to address issues of concern allows the USGS to better respond to customer and partner needs to provide the best value to the taxpayers.

While much has changed at USGS, some things have not. Natural resources managers, natural hazards responders, industry, and the public continue to rely on the important science, data, and information the USGS produces as part of its core mission to provide the scientific basis that contributes to the wise management of the Nation's natural resources and that promotes the health, safety, and well-being of people. Given the rapid pace required for management and policy decisions in comparison to the more deliberative time scale for authoritative, peer reviewed science, the USGS must always anticipate the Nation's needs and maintain a broad portfolio of research and researchers across the country. The last year has provided numerous examples of how USGS science is providing relevant and timely scientific results to address some of the most pressing natural resources challenges of our time.

In the last year, USGS science has been at the forefront in responding to many natural resource challenges. The USGS recently released the first ever detailed inventory of rare earth elements describing known deposits for the entire Nation. These elements are essential components for many current and emerging alternative energy technologies, such as electric vehicles, photovoltaic cells, energy-efficient lighting, and wind power. The assessment will be very important both to policy-makers and to industry, and it reinforces the value of our efforts to maintain accurate, independent information on our Nation's natural resources as only the USGS can do.

USGS hazards science made great strides as well. In the aftermath of the January 2010 Haiti earthquake, USGS scientists used geological field observations and interpretations of satellite imagery, aerial photography, and light detection and ranging (LiDAR) to discover the main strand of the Enriquillo-Plantain Garden Fault thought to be responsible for the January quake had not ruptured and the hazard associated with the fault still remains high. Information of this nature is critical as Haiti continues its struggle to recover from the impacts of the devastating earthquake and make important decisions on rebuilding its capital city.

The USGS continues its efforts to put science, data, and information into the hands of those who need it for decision making. In recent months, the USGS announced that estimated economic loss and casualty information will now be included in USGS earthquake alerts following significant earthquakes around the world. These earthquake alerts are widely recognized and used by emergency responders, government and aid officials, and the public to understand the scope of the potential disaster and to develop the best response. The USGS automated system, PAGER (Prompt Assessment of Global Earthquakes for Response), within minutes provides preliminary estimates of earthquake impacts, including the range of possible fatalities and economic losses, by assessing the shaking distribution, the number of people and settlements exposed to severe shaking and other factors. This information is critical in determining the human and economic toll so that emergency responders can act promptly and effectively.

The USGS recently made available instant, customized updates about water conditions through its "WaterAlert" system. This system allows users to receive updates about river flows, groundwater levels, water temperatures, rainfall and water quality at more than 9,500 sites where the USGS collects real-time water information. This information is crucial for managing water resources, including during floods, droughts and chemical spills. Real-time water data are essential to those making daily decisions about water-related activities, whether for resource management, business operations, flood response or recreation. WaterAlert furthers USGS efforts to make data immediately available and relevant to every user.

USGS long-term monitoring and robust ecosystem studies continue to pay dividends as our Nation seeks to discover whether investments in ecosystem restoration are working. One example is a recent study that determined the Potomac River in Washington, D.C., is showing multiple benefits from restoration efforts. According to direct measurements taken during the 18-year field study, reduced nutrients and improved water clarity have increased the abundance and diversity of submerged aquatic vegetation in the Potomac. The public deserves to know whether its investments are having tangible results. This study and others like it provide that information.

It is the hard-working scientific and professional staff at the USGS, powered by this Subcommittee's long-term investment in and commitment to science, that makes these advancements possible. The success of USGS efforts, such as those highlighted here, makes it all the more challenging to make tough decisions regarding the allocation of scarce fiscal resources.

To address the President's priority on fiscal responsibility, the USGS 2012 budget makes vital investments in research and development and ecosystem restoration, while also proposing

reductions within programs such as regional assessments of groundwater quantity and quality; toxic substances research; mineral resource assessments; research and grants that address the Nation's resilience to natural hazards; the Water Resources Research Act program; the National Biological Information Infrastructure; the National Water Quality Assessment Program; the National Geological and Geophysical Data Preservation program; the National Cooperative Geological Mapping program; research to establish the limits of the extended Outer Continental Shelf; and the climate effects network. These changes reflect tough choices. We are repositioning core responsibilities to better address complex multidisciplinary issues within a reduced funding level.

The 2012 budget request for the USGS is \$1.1 billion, an increase of \$6.1 million from the 2010 enacted level. In 2012, the USGS is proposing to establish a new appropriations account, National Land Imaging (NLI), which comprises a base transfer from the Surveys, Investigations and Research (SIR) account of \$53.5 million coupled with an increase of \$48.0 million to begin work on Landsats 9 and 10. Excluding the NLI account, the SIR account is \$53.6 million below the 2010 enacted level. Decreases are proposed in scientific programs as well as for Interior-wide management efficiencies and administrative savings in travel, contracts, supplies, and information technology.

Major Changes

The USGS 2012 budget request includes establishment of a separate account for Landsat missions along with an increase of \$48.0 million to begin developing an operational Landsat program, starting with Landsats 9 and 10. Landsat furthers Interior's important role in land remote sensing under the President's National Space Policy and provides invaluable data for land use and climate change research. The new account will include funding for current satellites (Landsats 5 and 7), the Landsat Data Continuity Mission (Landsat 8), which is scheduled to launch in December 2012, and the development of Landsats 9 and 10, through a continuous Landsat program that will ensure data continuity in the future. Landsat has become vital to the Nation's agricultural, water management, disaster response, and scientific communities. Establishment of this account and the increase in funding will provide the stable budgetary foundation needed for a continuous capability. A permanent budgetary and managerial structure will ensure the continued collection and maintenance of the important data the Landsat satellite series provides.

The budget request also proposes an additional \$12.0 million for the restoration of some of the Nation's most iconic ecosystems. These efforts support America's Great Outdoors, the President's signature conservation initiative to protect and restore the health, heritage, natural resources and social and economic value of some of the Nation's most significant ecosystems. The USGS plays a vital role in the development and implementation of the America's Great Outdoors initiative, working in collaboration with other Interior bureaus and Federal agencies. Particular focus is given to important and iconic ecosystems, with targeted increases for Chesapeake Bay (+\$4.6 million), Columbia River (+\$1.4 million), Upper Mississippi River (+\$1.0 million) and Puget Sound (+\$1.5 million). The budget includes \$3.5 million for the Great Lakes, including support for USGS' role in the Asian Carp Control Framework, to detect and understand this invasive fish and develop chemical control tools.

The 2012 budget provides \$10.9 million for USGS activities in the WaterSMART initiative, \$9.0 million above the 2010 enacted level, to implement the WaterSMART Availability and Use Assessment. The USGS will conduct comprehensive water supply and demand inventories to provide the baseline information needed by public and private water managers to work toward sustainable water supplies. This effort will include estimating freshwater resources, how those supplies are distributed, and how they are changing over time; evaluating factors affecting water availability including energy development, changes in agricultural practices, increasing population, and competing priorities for limited water resources; and assessing water use and distribution for human, environmental, and wildlife needs.

Funding to complete the network of Interior Climate Science Centers, as called for in Secretarial Order 3289, is also included at \$11.0 million above the 2010 enacted level. The planned network of eight Interior Climate Science Centers will provide fundamental research and tools to the network of landscape conservation cooperatives and to natural and cultural resource managers. The Centers focus on understanding landscape stressors related to climate change and designing adaptation strategies at a regional level. In 2010, CSCs were established in the Northwest, Southeast and Alaska Regions. At the proposed funding level, the remaining CSCs will be established in the Northeast, South Central, North Central, Southwest and Pacific Islands regions.

To continue investment in science to support Interior's substantial coastal and ocean resource management responsibilities and its critical role in implementing the Administration's National Ocean Policy, the budget request includes an additional \$4.5 million for coastal and marine spatial planning. The USGS will continue leading the development of a national information management system for coastal, ocean and Great Lakes resources. This involves conducting a number of efforts important in managing resources with other Federal, State, tribal, and regional partners. Efforts include constructing a prototype Coastal and Marine Spatial Planning Internet portal for the Gulf of Mexico; developing modeling tools to forecast coastal vulnerability to projected sea level rise and predicted coastal storms; and establishing data standards and undertaking gap analysis to target future priority data collection activities.

Budget Summary by Budget Activity

The 2012 budget includes a total of \$166.4 million for the Ecosystems mission area. The request includes increases to the Terrestrial, Freshwater, and Marine Environments and Invasive species programs to support the President's signature conservation initiative, America's Great Outdoors.

The Climate and Land Use Change budget activity request totals \$106.4 million and includes new funding for completion of the Interior Climate Science Centers and funding for new efforts associated with carbon sequestration in the California Bay-Delta.

The 2012 total request for Energy, Minerals, and Environmental Health is \$88.5 million, which reflects a \$13.0 million reduction from the 2010 enacted level.

The total requested funding level for Natural Hazards in 2012 is \$133.9 million or \$5.1 million below the 2010 enacted level.

In 2012, the request level for Water Resources totals \$199.6 million. This represents a reduction of \$21.6 million from the 2010 enacted level.

The 2012 total budget request for Core Science Systems is \$105.9 million, a reduction of \$19.0 million below the 2010 enacted level.

The total funding level for Administration and Enterprise Information is requested at \$116.5 million and reflects a net program increase of \$1.4 million.

The 2012 total budget request for Facilities is \$100.8 million; a reduction of \$5.6 million below the 2010 enacted level.

Conclusion

The USGS 2012 budget request addresses issues long important to the Administration and Interior, and aligns the USGS budget structure with its management structure. This budget reflects our ability to address a broad array of natural-resource and natural-science issues facing the Nation. It also reflects tough choices and difficult decisions. The challenges ahead are great, but the USGS is committed to placing our science, data, and information into the hands of decision makers across the landscape when they need it and in formats they can readily use. The 2012 budget request aims to ensure our multidisciplinary science expertise is applied effectively, efficiently, and strategically to meet the Nation's most pressing needs today and to preserve our wealth of biologic, geologic, geographic, and hydrologic monitoring capabilities to meet the needs of tomorrow. The USGS will continue its legacy of providing the data, long-term scientific understanding, and scientific tools needed to sustain and improve the economic and environmental health and prosperity of people and communities across the Nation and around the world.

This concludes my statement, Mr. Chairman. I will be happy to answer the questions you and other Members have. I appreciate this opportunity to testify before you and this Subcommittee and look forward to our continued collaboration.



Marcia K. McNutt. Director

Dr. Marcia K. McNutt is a distinguished geophysicist and experienced administrator. She previously spent 15 years on the faculty of MIT and for 12 years served as president and chief executive officer of the Monterey Bay Aquarium Research Institute (MBARI), in Moss Landing, CA. She also serves as the Secretary of the Interior's science advisor.

As a scientist, Dr. McNutt's own research has involved field work on land and sea across several continents and numerous ocean basins.. She has published 90 peer-reviewed scientific articles. In 2010, she spent May through August working directly with BP, DOE, and the U.S. Coast Guard in Houston evaluating options to contain the oil and cap BP's Macondo well after the Deepwater Horizon explosion. She also led the Flow Rate Technical Group which estimated that the total spill was 4.9 million barrels of oil.

McNutt's honors and awards include membership in the National Academy of Sciences, the American Philosophical Society, and the American Academy of Arts and Sciences. She served as President of the American Geophysical Union from 2000-2002. She is a fellow of the American Geophysical Union, the Geological Society of America, the American Association for the Advancement of Science, and the International Association of Geodesy. She holds honorary degrees from the University of Minnesota, Colorado College, and Monmouth University.

McNutt received a BA degree in Physics, summa cum laude, Phi Beta Kappa, from Colorado College in Colorado Springs. As a National Science Foundation Graduate Fellow, she studied geophysics at Scripps Institution of Oceanography in La Jolla, California, where she earned a PhD in Earth Sciences in 1978. She then spent three years with the USGS in Menlo Park, CA, working on earthquake prediction.

Dr. McNutt joined the faculty at MIT in 1982 where she became the Griswold Professor of Geophysics and served as Director of the Joint Program in Oceanography & Applied Ocean Science & Engineering, offered by MIT & the Woods Hole Oceanographic Institution.

McNutt is a native of Minneapolis, MN, where she graduated class valedictorian from Northrop Collegiate School in 1970.



Suzette Kimball, Deputy Director

Dr. Suzette Kimball is internationally known for work in coastal processes and has served as Deputy Director for the last year.

Dr. Kimball was named Associate Director for Geology in 2008, coming to that position from being the Director of the Eastern Region since 2004

Dr. Kimball joined the USGS as Eastern Regional Executive for Biology. In that position, she built many partnerships, helped shape programs, and led the establishment of the USGS Florida Integrated Science Center. She came to the USGS from the National Park Service in Atlanta, where she was Associate Regional Director.

She entered the National Park Service as a research coordinator in the Global Climate Change Program, became Southeast Regional Chief Scientist, then Associate Regional Director. She was assistant professor of environmental sciences at the University of Virginia, co-director of the Center for Coastal Management and Policy and marine scientist at the Virginia Institute of Marine Science, and managed coastal morphology and barrier island studies in the U.S. Army Corps of Engineers.

She serves on executive boards and many State and national committees, including the DOI Climate and Energy Task Force, the U.S. National Committee on GeoScience, the National Academy of Science Roundtable on Environmental Health, The DOI Senior Ocean Policy Team, and the International Steering Committee for "OneGeology." She was on the board of directors of the Coastal Society and has served as secretary of the American Geophysical Union's Ocean Sciences Section.

She has authored numerous publications on barrier island dynamics, coastal ecosystem science, coastal zone management and policy, and natural resource exploration, evaluation and management. She has received the Presidential Rank Award and the Secretary of the Interior's Meritorious Service Award.

Dr. Kimball has a doctorate in environmental sciences with a specialty in coastal processes from the University of Virginia, a master's in geology and geophysics from Ball State University, and a bachelor's in English and geology from the College of William & Mary.



Carla M. Burzyk, Director, Office of Budget, Planning and Integration

Carla Burzyk is responsible for developing the Bureau's annual budget submissions, reviewing budget execution activities and overseeing USGS performance management activities. She serves as the chief adviser to the Director and Bureau leadership team on all matters related to the budget, accountability, performance management and planning. She leads a staff comprised of senior budget analysts and scientists. She is a member of the Director's Executive Leadership Team.

She was the Budget Officer for USGS from May 1999 to September 2001, responsible for development of the annual budget, serving as an advisor to the Director on budgetary issues for the Nation's largest water, earth, and biological science and civilian mapping agency.

Ms. Burzyk has spent her professional career in the Department of the Interior. Prior to joining the USGS, she served as Special Assistant to the Assistant Secretary for Water and Science, advising on program issues related to the Bureau of Reclamation and USGS.

From 1988 to 1998, she was a budget analyst in the Department of the Interior. In this capacity, she advised the Secretary of the Interior on issues and programs related to Departmental science programs and served as a member of the Secretary of the Interior's Science Board.

During her tenure in the Office of the Secretary, she was selected to serve on assignment to the Senate Appropriations Subcommittee on the Department of the Interior and Related Agencies. Prior to 1988, Ms. Burzyk was a budget analyst in the Office of Surface Mining and an historian for the National Park Service.

Ms. Burzyk received a Bachelor of Arts degree with honors from Trinity College where she was a Thomas J. Watson Fellow nominee. She has completed graduate work at the George Washington University. She is a native of the Commonwealth of Massachusetts, and resides in the Commonwealth of Virginia.

Mr. SIMPSON. Thank you, and let me echo what Mr. Moran said in his opening statement, for the great work that you did during the crisis in the Gulf. There are a lot of people willing to point fingers and everything else about what went on there but there were a lot of good people working on it that did a tremendous job, and we appreciate the work the USGS did in that regard.

We are going to have some votes, I guess about 10:15 or something like that, and I understand that you have a Defense Com-

mittee----

Mr. Moran. We have General Petraeus at Defense.

Mr. SIMPSON. So I am going to turn over my time to you to start with if you like so you can get your questions in.

Mr. MORAN. That is extremely considerate of you, Mr. Chairman.

I hope I acted like that when I was chair. I do not know.

Mr. SIMPSON. You did.

Mr. MORAN. I owe you big time.

OUTYEAR COSTS OF LANDSAT

Well, let's focus first of all on the \$48 million increase for outyear Landsat missions because it is coming from base programs that we feel are vital, and that is clear on both sides of the aisle. I have seen a chart that shows that the plan is for the USGS share of Landsat 9 and 10 missions to skyrocket. Now, of course, that is a pun that the staff put in there deliberately. But here we are with zero in fiscal year 2011, it goes to \$48 million of course in this new budget, in fiscal year 2012, but then to \$159 million in fiscal year 2013 and \$410 million in fiscal year 2014. I mean, just two years from now, \$410 million to a \$1 billion agency. That is obviously over 40 percent of the entire agency. Are we going to lose all of the biology and hydrology parts of the USGS or lose all of the geology and mapping parts of the Survey? I think you should give us a sense of if this trend continues, if the budget goes in the way that the White House has recommended, it looks like they are going to wipe out major roles and responsibilities that USGS has today. Can you address that. Dr. McNutt?

you address that, Dr. McNutt?

Dr. McNutt. Well, certainly we need to work with the Administration on what the outyear costs are and we would certainly not support a model in which Landsat erodes the core mission. I do not think the Administration supports that nor obviously does this committee. We have been assured by OMB many times in conversations with them that the cuts to the USGS program even in the 2012 budget should not be associated with the growth in

Landsat, and that is what we were told.

Mr. MORAN. That is untrue though, unfortunately. I know it is what you were told.

Mr. SIMPSON. OMB lies.

PROGRAM QUALITY AND PERFORMANCE

Mr. MORAN. It has been known to happen. It appears that some of your highest performing programs such as toxic substances, hydrology and the National Water Quality Assessment Program are slated for large reductions. To what degree did USGS and OMB use program quality and performance criteria when determining which programs to reduce? Because the information we have been

getting is that these are the last programs you would want to cut because they have been performing so well and efficiently.

Dr. McNutt. To the extent that we could, we did use program quality, and let me give you an example. The Climate Effects Network was created before the establishment of the Climate Science Centers and the establishment of the Landscape Conservation Cooperatives. It was a program that seemed on track and to be a high-performing program but then it got overtaken by events. The Department of the Interior went a different direction in terms of how it was going to be doing data integration and providing data services for climate programs and so it no longer seemed that the CEN was the way that we should be going about it, and that is why we offered up that program as a cut. However, the cuts that we had to offer up, and USGS was asked to offer a variety of scenarios—a 3 percent cut, a 5 percent cut, a 7 percent cut, and at one point a 9 percent cut—and the cuts we were asked to offer up had to go so deep into our budget that not all of the scenarios included simply low-performing programs or programs that were simply no longer needed. We just did not have enough of those, I am sorry to say—well, I am happy to say.

HAZARDS PROGRAMS

Mr. MORAN. Sure. The world's attention has been focused on the earthquake and tsunami in Japan but I see this request has a \$2 million reduction for earthquake grants. We just heard about BP Deepwater Horizon. That was not a lot of money USGS had but they did perform a major role. What will be the impact of that? Are those grants not very relevant to what we just saw happen on the other side of the planet?
Dr. McNutt. Well, let me give you a very real-

Mr. MORAN. Let me throw this in too because you have got a reduction for the National Volcano Early Warning System, which falls in the same kind of situation. Why?

Dr. McNutt. Let me give you a very specific example. Again, all of our programs had to take cuts so there is basically no part of our portfolio that is unscathed when we have to take a 7 percent cut overall in our science investigations. So unfortunately, tough choices had to be made. But as a real example of the effects of these cuts to our external grants programs and earthquake hazards, yesterday the president of Caltech, Jean-Lou Chameau, paid me a visit to talk about areas of common interest, and as he was leaving, he happened to let drop, he said I have to thank the USGS because, he said, the fact that I am here in this country and the fact that I am President of Caltech is thanks to the USGS because, he said, I came here to the USGS on a one-year fellowship to do a master's degree at Stanford University, and after that one year I was in danger of being deported and I was saved to complete a PhD here thanks to a USGS earthquake research grant that allowed me to stay and complete a PhD at Stanford. His earthquake research grant was to do a detailed study of strong ground motion shaking in the Marina District of San Francisco just years before that area was strongly hit by the Loma Prieta earthquake, and his analysis of the shaking in that district, the Marina District, actually very well matched the actual damage that was done and allowed planners in that area to prepare infrastructure in advance of that earthquake. So that is the kind of work that is done. That is the kind of person that is supported and that is the kind of leader we have in this country now, thanks to USGS earthquake grants.

Mr. MORAN. That is a great story. I do think that I will mention to the ranking member of the full committee that in looking down the cities that are at highest risk for active volcanoes, Seattle and Tacoma, Washington, are at the top of the list. Mr. Dicks may have some interest in that fact.

WATER RESOURCES PROGRAMS

The chairman mentioned water quality. You won a \$9 million increase for this WaterSMART initiative to do a census of water but your proven water programs, like the National Water Quality Assessment Program, you have cut almost \$7 million, the groundwater resources cut \$2 million. I mean, it is nice to know where they are but if you are not doing anything about what you are aware of, then it does not seem to be the best use of resources. I will conclude with that. There is a lot of stuff I would like to ask about endocrine disruptors and so on but I want to consider the chairman's generous latitude to go first. But do you want to say anything about the water quality?

Mr. SIMPSON. If you have other questions you would like to ask,

because I know you have to go to the Defense hearing.

Mr. Moran. Well, thank you, Mr. Chairman. I will just bring then the other issue because it does have a relationship to water quality, and that is endocrine disruptors. I know you have been working on this. We are finding out more information. We are finding that the small-mouth bass that not only do we have a situation where 90 percent of the male small-mouth bass in the Potomac River right outside the doorway really are intersex. They have both testes and eggs. But this is a situation that apparently exists in many rivers throughout the country. Can you just share a little bit of what you are finding in the context of the water quality pro-

grams that you operate?

Dr. McNutt. Well, Mr. Moran, you have been a strong supporter of this program, and one thing that has been really heartening to our scientists at the USGS is to the extent that you have really embraced the science of this, and I remember talking to you about this last year, how much we felt it was important to make this a national issue, not just a Potomac issue, and the cuts to this program, unfortunately, while we will continue with the funding to Chesapeake through America's Great Outdoors, we will lose the national focus, and I think I mentioned to you last year, one thing we were learning from broadening it with the national focus was that some of the drivers that we were focusing in on that we thought we know the answer from focusing in on the Chesapeake, and then once we broadened it to a national focus, we realized, oh, wait, we are finding places that are completely far away from any human influence and still finding some of the same problems. This is causing us to look more broadly at some of the drivers. Now that we are losing that national focus, that is going to, I think, cause us to lose some of that ability to again look more broadly at some of the wider issues that could be causing this behavior, and that will be a loss for science.

Mr. MORAN. Thank you. The more people that learn about this, the number of fish and crustaceans we have apparently in rivers all over the country, the more concerned they are about eating them, but it obviously would concern anybody when you know that a species has both male and female reproductive sexual characteristics. It is disturbing. There is something wrong obviously. But apparently there is no reason to believe that you cannot eat them. They may be safe to eat. It is just that this water is in many cases the same water we are drinking and it may be having a similar effect although longer term in the human body. Is that kind of what you are coming up with?

Dr. McNutt. The questions we need to ask are exactly the questions that you are asking now because this is an environmental effect in the water, in the environment that these fish are spending their lifecycles. To what extent is this a human health issue, and the entire reason why the USGS is concerned about it is for exactly

that reason.

Mr. MORAN. Thank you very much, Dr. McNutt, and thank you, Mr. Chairman. Thanks very much. I really appreciate your consideration.

LANDSAT

Mr. SIMPSON. Again, thanks for being here today. We appreciate it. I think as our opening statements and our comments suggest, there are areas where even in this climate of trying to reduce budgets, Republicans and Democrats agree, and one of them is that the USGS is one of the valuable science agencies in this government, and we have some real concerns about the direction that the budget is heading, whether it is from OMB or whomever. It causes us all a great deal of concern when we are reducing the resources for water management and water science, and for them to suggest that—and I guess what they were saying is, your budget would have taken these cuts regardless of whether Landsat went over to USGS or not. I have a hard time believing that, and I think the USGS is probably an appropriate place for Landsat to go, but when you shift it over there, you need to take the money that goes with it and shift it over there also, which causes me a great deal of concern. Landsat 8 goes up in December of 2012? Dr. McNutt. December 2012, yes.

Mr. SIMPSON. When are 9 and 10 scheduled to go up?

Dr. McNutt. According to the funding wedge that we have put together, if the funding came on schedule, it would be in the 2017 time frame, so sort of a five-year launch window, assuming that the satellites are designed for a five-year lifetime, mission lifetime.

Mr. SIMPSON. Designed for a five-year mission lifetime?

Dr. McNutt. Right.

Mr. SIMPSON. Is that how long they typically last or can they be extended? Could you extend out or delay, if you will, the launching of 9 and 10 if that were necessary in order to get the budget in line?

Dr. McNutt. You know, we could look into that. Right now the way that the satellites have been designed in terms of their components and things like that, they do carry fuel for a 10-year lifetime and so that is the expendable on board, which is the important thing in determining their lifetime. In terms of the components on board, they are designed for a five-year lifetime. We could do a study on what it would take to extend the component lifetime for a design lifetime that would be longer. Of course, our experience in terms of the lifetime of these satellites has been that, thanks to the good work of the people at NASA and their contractors, the experience has been that barring a launch failure or something of that sort, they have been pretty hearty spacecraft and have actually exceeded their design lives.

Mr. SIMPSON. We may have some language within this appropriation bill directing a study of just that and the impacts of delaying it for a year or two in order to try to get the fiscal part of it in place too, because I am concerned that we are shifting it all over there, and I have seen this happen in federal agencies before where they take on new responsibilities shifted from another agency which the other agency loves to shift over there. They just do not want to shift any of the money with it, and that becomes problem-

atic. So we would like to work with you on that.

Dr. McNutt. And we would be happy to look at that.

CLIMATE CHANGE

Mr. SIMPSON. I do think the appropriate place for Landsat is in the USGS. Along those same lines, you and I have discussed and had conversations about the money being spent on climate change both within our Interior budget and governmentwide, and I still have the same concerns that I have had for the last couple of years about the coordination of the amount of money we are spending on climate change. What we are trying to find out is if agencies are duplicating efforts and so forth and if we need a government agency—I do not know how to say it but that oversees the scope of climate change funding. I am not sure if that is the smart way to go or what, but if you had a line item that was climate change money and a federal agency that then looked at who could do what and agencies like the Forest Service, the Defense Department or whoever spends money on climate change actually apply to them with proposals. Someone could look and see, is this already being done within the Federal Government, is it a duplication of what we currently have, is it a high priority as opposed to something else that some other agency is proposing. The coordination of all the money we are spending on climate change is more of a concern to me than the amount of money we are spending on studying climate change, and I am trying to figure out if there is a better way to do it. Do you have any thoughts on that?

Dr. McNutt. You know, I have been thinking about this since you first mentioned it, and what I was trying to do was take out the word "climate change" and put some other word in there just for almost historical record or reference. Climate change is something that is relatively new in terms of a topic in the Federal Government and so the other word I put in there was "water" because we know that there are many federal agencies that have purviews in water, and they have stakes in water that have grown up in sort of a hodgepodge way over many decades in an uncoordinated way

because of the histories of those agencies. I was thinking, because climate change is new, we have an opportunity now to avoid some of the issues that we have with water by intervening early on, and some of the issues right now with climate are that because it is an early stage, most of the issues with climate are research and they have not really gotten into the real issues of applications and policy and that sort of thing. So, could there be an opportunity to say okay, if we do the research part right and then apportion out the policy and management to the right agencies as they have their jobs to do when the time comes, will that simplify things and avoid some of the issues that we have had with water; could we do that right. And I was thinking yes, maybe that does make sense, because we see that for example, NSF has a huge role to play with research in climate change for the academic community, maybe we could have better federal coordination for the research that goes on, and if that could be done for federal research, then perhaps yes, we could not have some of the issues that we have with water now.

could not have some of the issues that we have with water now. Mr. Simpson. Well, as I have said before, after the events of 9/11, everyone that came into my office whenever they wanted anything, whether it was a federal agency or whether it was a group outside that wanted funding for whatever program, they always tied it to the issue of homeland security because that was the key phrase at the time. Now the key phrase is climate change and I think there are agencies trying to rebuild science programs that were actually taken and given to the USGS years ago under, I think, Secretary Babbitt did some of that, and now those agencies, you know, they want their own science program. What I want is an efficient program where we know what we are doing and we are not duplicating, we are spending taxpayers' dollars wisely, and if there is a better way to do that, I look forward to having some conversations with you about this and how we might be able to reorganize it. As I look at different agencies, I have kind of thought if there is an agency, if this were a smart idea, and I am not saying it is because I thought of it, but if this-

Ms. McCollum. It is a very smart idea.

Mr. SIMPSON. If this were a smart idea, where would you put it, and I thought of different agencies. There is talk about NOAA, but NOAA really deals with oceans and the atmosphere, not with the ground that we live on, more than anything else, and it keeps coming back to me that the agency that seems to have the role and mission would be the USGS, but again, I would not want that to displace the important work that you currently do.

STREAMGAGES

Last question before I turn over to Ms. McCollum. We are going to have votes, I guess, in about 10 minutes or 15 minutes. What happens under this proposal in your budget with streamgages? They are very important to the West, and all over the country, really.

Dr. McNutt. Yes. Well, we do have some funding reduction in that area but we are trying to absorb it all in administration and not take any actual cuts to streamgages, but of course you know that it all is predicated on cooperators in many cases, so we have—

Mr. SIMPSON. States are having a hard time getting their resources.

Dr. McNutt. Yes, states are having problems, and we have issues with of course many cases where we are vulnerable elsewhere in the federal budget with what happens with Army Corps' budget and other places too. We do have \$800,000 in reductions but we are absorbing that in administration.

Mr. SIMPSON. Ms. McCollum.

Ms. McCollum. Thank you, Mr. Chair.

WATER RESOURCES PROGRAMS

It is good to see you, and you were busy Friday and I was busy Friday. I was busy as a mom and you were busy as a scientist. So I want to thank you for all the work that you folks are doing, and I just got this e-mail this morning from Japan. I am just going to quote part of it. "It is hard to sleep when you are thinking about the next quake that is coming. The possible nuclear meltdown is something we have all been really upset about. Thank God for the American government telling us to get at least 80 kilometers away." He is fine. He is five hours away. But I have to tell you that the American citizens not only dialed in on what our press was saying because our press was saying what our government scientists were saying, and so thank you for all the work that you did not only for Americans overseas, people here who care about what is going on in Japan but for English speakers all over the world. Thank you for your work.

So if you take a second after I ask my question, maybe kind of let us know what your role is, and I know you are going to do lessons learned from this as well, but I would like to talk about water. Minnesota takes its water very seriously. In fact, our citizens taxed ourselves for a legacy amendment to make sure that we are doing the right thing with water. In 2009, I was given the privilege of giving a speech to the Water Resources Center at the University of Minnesota on sustaining clean water as a public trust, what do we do to make sure that it is there for the next generation, so the next mom or dad when they take their child to a drinking fountain is not worried about it, and people in this country know that they

are going to have access to potable water.

Now, USGS has outstanding scientists and they played a critical role in Minnesota being able to move forward with what it is doing, but as you have heard, we do have concerns about the proposed budget cuts and maybe one of the ways to do that is to take the money along with the program that they have been assigned, Mr. Chair. Count me as an ally. But there are a few programs I just want to highlight for the committee where small investments by the USGS have made a big impact on Minnesota, and these programs are now, I believe, threatened by the proposed reduction. The first is the Water Resources Institute. The head of the Water Resources Institute this year happens to be Dr. Deborah Swackhamer, a professor who heads up the Minnesota Water Resources Center. The doctor has just authored a landmark water sustainability framework report that is the first of its kind in the entire Nation and I believe other states should be looking at doing the same thing. It helps give us a 25-year roadmap. It points out

all the work that we still have left to do to make sure that we have an adequate, safe drinking supply, and I am going to give you a

copy of this when we are done.

Now, you have kind of explained why you have chosen, not you personally but why you are faced with the tough choices that you have been making as you did across-the-board cuts, but this is a great report and it kind of highlights a lot of things, and I am going to quote from the report because this just kind of, to use a term, blows you out of the water: "Completion of the Minnesota geological survey should be accelerated. At a minimum, the current investigation should be doubled to allow completion by"—and you are thinking, well, doubled, you know, two, three years—"doubled to allow completion by 10 to 12 years" to find out what is going on with our aquifers, to find out what is going on with our groundwater. So I was going to give this to you on Friday. I will give this to you now.

Dr. McNutt. Thank you.

WATER SHORTAGES

Ms. McCollum. So here is my question. The GAO has put out a study showing 36 states are at the risk of water shortages within the next 10 years. I am not one of those states. I want to make sure my water is clean and drinkable but I am not one of those states, but I care about our country. That is my job. How can states be prepared for such a crisis if you are not able to invest in state water research like this? What do we need to do to make ourselves really knowledgeable about the water that we all take for granted? And I think that that is part of our problem. Even in this country where there are limited water shortages, we still take it for granted.

Dr. McNutt. Okay. Well, Congresswoman McCollum, you asked some pretty tough questions, and first of all, let me start by saying I am not sure if you know this but I am a Minnesota native. My family is from Minnesota from before the Great Sioux Uprising, many, many generations in Minnesota. I know how much Minnesotans love their water. They swim in it and play in it in the summer. They ice skate on it and fish on it in the winter. Minnesotans actually do not take their water for granted even though it is in plentiful supply. I remember as a child how the lakes in Minnesota were suffering from eutrophic conditions because of all the runoff from fertilizer on people's lawns and how the University of Minnesota started some important studies on how to improve water quality in the lakes, and the predictions were that it was going to take generations to improve it and yet with simple steps within years lakes improved dramatically and people saw that by doing simple things, they could within their lifetimes see their lakes improve and it made a difference. So the lesson I took from that as a child was, never underestimate the power of people taking their actions into their own hands and understanding how their life choices can make a difference.

So what I think is important is the USGS as the great integrator across the country between the states that are haves like Minnesota and the have-not like Arizona and Nevada, the consistently water-starved states, and how we can provide the important infor-

mation through things like WaterSMART, the water census, and I know that there is concern about WaterSMART but we have not done a water census on water availability and use. As our population is changing, people are moving from many of the water-available states to the water-starved states and we need to know how that is changed and we have to know what the projections are for the future. So WaterSMART is an important program, and it is a tough choice that we are having to cut back on a lot of this groundwater monitoring. The analogy I make is that with our streamgages, it is easy to go out if you are an average citizen and see how my water is flowing but it is not easy to go out and see how my aquifer is doing. You cannot say oh, how is that aquifer doing without someone who really knows what they are doing.

Ms. McCollum. But my point is, in Minnesota where we have started doing things, we are saying it is going to take us 10 to 12 years. What is the timeline for the Federal Government to even be able to collect information or work in conjunction? Because many

states are not doing anything.

Dr. McNutt. Well, I know, and with the cuts in our groundwater program instead of having 11 percent of it done on schedule, it is

going to be 2 percent.

Mr. SIMPSON. One of the things that—and this is not really a question for you because I know you have to do what OMB says. But when I look throughout the Interior budget, I have some questions about where they place priorities. Land acquisition for the Land and Water Conservation Fund, they fully funded at \$900 million while they have cut some important programs in USGS for water and other things, and that is something that is within the jurisdiction of this Committee to look at how those funds are being spent, so I am sure that we will be looking at some of those things.

Do you have any other questions you would like to ask? We are

going to have a vote here in about a minute.

THE INTERNATIONAL ROLE OF THE USGS

Ms. McCollum. Just maybe, I mean, we are focused on things here nationally but the international cooperation between scientists and what we are learning and sharing, because you have a national role that is very, very important to all of us but you also have an international role as part of the international scientific community. And then when the bell goes off, we will go vote then, Mr. Chair.

Dr. McNutt. Yes. Our international role especially comes to play in something like this latest disaster in Japan, and our hazards program has worked internationally on many fronts. A good example is the VDAP program, the Volcano Disaster Assistance Program, which is credited by the State Department with saving thousands of lives through early warning when volcanoes are set to erupt and cause volcanic landslides and these lahars that are going to come down and destroy villages. In the case of Japan, given Japan's intrinsic homegrown community, which is very advanced, we will work hand in glove with the Japanese seismological community in responding to this disaster and work with them and with USAID in the aftermath of this to learn what we can that will improve our disaster preparedness. For example, initial things that

we are learning from this is that amazingly enough, buildings came through the earthquake itself very well. The death toll from the earthquake is probably going to be maybe hundreds, where as the death toll from the tsunami literally thousands. And what is interesting about that is, if you look at the three major earthquakes to strike Japan in this century, there was the Kanto earthquake in, I think it was 1923, that was near Tokyo but before Tokyo was the size it is today that killed something like 140,000 people and then there was the Kobe earthquake in 1995 that killed 6,800 people. Those two earthquakes were both in the magnitude 7 range. The difference between 140,000 people and 7,000 people was earthquake engineering. The difference between the 7,000 people that Kobe killed and the couple hundred that were killed by this earthquake is the earthquake early warning system, and this was a magnitude 9 earthquake. So that is what earthquake early warning can do for you.

But now the tsunami, I mean, talk about sea-level rise on steroids, you know, a 30-foot tidal wave coming in wiping everything out in its wake. People literally, you cannot outrun it. We often talk about vertical evacuation being the preferred route for a local tsunami and there were not enough solid structures for people to vertically evacuate into because they would go to the upper story of homes and the entire homes would be swept out from underneath them. Some people were able to get to sturdy bridges or overpasses, and if they were taller than 30 feet, then that might be enough. But, how many bridges are taller than 30 feet? It was truly tragic. So we will definitely be learning a lot of lessons from

this.

Now, we are much more fortunate here because when you look at Japan, there are very few places in Japan that are not prone to a local tsunami. The entire east coast of Japan is prone to this kind of disaster whereas we only have a limited part of the United States that will have a local tsunami hazard—part of Alaska and the Pacific part of Oregon and Washington, but that is the only part that will have a local tsunami, so we are much more fortunate than Japan.

MINERAL RESOURCES PROGRAM

Mr. SIMPSON. Let me ask one other question. The fiscal year 2012 budget proposes to cut the Mineral Resources program by \$9.6 million, or 18 percent, with a corresponding reduction of 52 FTEs. Give me an overview of the program and why it is important

to America's economic and national security interests.

Dr. McNutt. This is a unique program in the Federal Government. There is no duplication here, no other program like it. The USGS provides a service to the Nation by taking input from all of the mineral industries around the country, stripping off any industry proprietary information and assembling all that information, rolling up into statistics that are useful for the industry itself as well as the Federal Government on commodities, on what is useful on supply, demand, what is being mined, what is being processed, et cetera, and provides that to everyone in the public domain in a way that is extremely helpful. No one in the industry could possibly trust anyone else in the industry to do that. They would not

provide the data. And our minerals experts are geologists who are trusted to do this in a way because they understand the entire periodic table basically, so they are able to do this in a way that

is extremely valuable.

Mr. SIMPSON. Thank you. We have got votes going on now, and I am sorry—I mean, some of the members on both sides of the aisle had hearings in Defense this morning and some other things going on. It is a crazy time around here when we are trying to get all the hearings in.

Dr. McNutt. Well, thank you all for your time. Mr. SIMPSON. But I appreciate you being here. As you can tell, I think among both Republicans and Democrats, you have got some fans in Congress for what the USGS does and the way they do it, and we want to work with you on this budget to try to address some of the concerns that we have as we move into the 2012 budget, if we ever finish the 2011 budget. I appreciate it. Thank you.

U.S. Geological Survey Appropriations Subcommittee Hearing on The U.S. Geological Survey's FY 2012 Budget Request Thursday March 17, 9:30am Rayburn B308 Questions for the Record

Questions for the Record from Chairman Simpson

Water Resources Cuts

Simpson Q1: The budget proposes approximately \$25 million worth of cuts to various water resources programs. Please see the table below for a summary of cuts. Will you please tell us which water programs are being cut and what the impacts of these cuts will be?

ANSWER:

- In the Water Resources activity, reductions are being taken in the Groundwater Resources
 program (-\$2.0 million), National Water Quality Assessment Program (-\$6.7 million)
 Hydrologic Research and Development Program (-\$1.6 million) and Hydrologic Networks
 and Analysis (-\$1.3 million).
- The Water Resources Research Institutes Program is being eliminated in its entirety (-\$6.5 million).
- In addition to these programmatic reductions, like all USGS programs, the Water programs are facing reductions for administrative savings (-\$5.1 million) and efficiencies in the Enterprise Publishing Network (-\$2.0 million).
- Included in the budget is a technical adjustment (-\$3.4 million) to move funding from Water Programs to Science Support to complete the Regional Executive Realignment started in 2007.

Impacts include:

- Eliminate monitoring and assessments of groundwater in 33 States;
- · Eliminate studies to assess the transport of sediment to estuaries;
- Eliminate development of new methods to detect emerging contaminants in our nation's waters;
- Postpone the implementation of real-time water-quality monitoring to help manage water supplies;
- Discontinue groundwater availability studies of principle aquifer systems in 38 States; and
- Delay implementation of a national groundwater monitoring system.

Simpson Q2: What is the current state of the stream gage program, and what's the prognosis for FY12 given the proposed cuts in your budget and in the budget of the Army Corps?

ANSWER: These are tough budget times for Federal, State, and local communities who all have a stake in the streamgage program. When Federal budgets are tight, decreased Federal funding puts a strain on the network.

The USGS understands the Corps of Engineers is proposing a significant reduction in their 2012 request. This reduction will impact our partnership to fund streamgages. Those funding decisions are made at the District level in the Corps. The USGS is working closely with them to understand the exact impact. Except for the management efficiencies, Enterprise Publishing Network, and the technical adjustment, the National Streamflow Information Program is basically level-funded. There is a small programmatic increase in NSIP related to the restoration of the Upper Mississippi and Columbia River ecosystems.

Simpson Q3: What is the WaterSMART initiative, and how smart is the strategy of cutting other water programs in order to fund it?

ANSWER: Through the USGS WaterSMART Availability and Use Assessment initiative, USGS will produce a seamless coverage of hydrologic information across the entire nation. This information includes all important aspects of the water cycle and the environmental and habitat requirements for water. The USGS will launch a research and assessment effort to characterize the flow needs for aquatic species and their habitat, expand the water use science program, conduct important work on a national assessment of brackish and saline groundwater resources, and provide financial assistance in the form of grants to State water resource agencies to develop their water use datasets. Finally, the USGS will conduct a series of studies, focused on selected watersheds, where there is a desire on the part of watershed stakeholders to conduct a comprehensive technical assessment of water availability with the best available tools. These are critical to land and water resource managers to provide a comprehensive technical analysis of the factors affecting the availability of water. WaterSMART will expand the use of hydrologic data in decision making.

Simpson Q4: Don't you need these other water programs in order to have an accurate water census?

Summary of FY12 Cuts to USGS Water Programs

-\$2.8M	-14 FTE	Toxics Program
-\$1.8M	-0 FTE	Hydrologic R&D
-\$2.8M	-12 FTE	Groundwater Resources Program
-\$9.0M	-41 FTE	National Water Quality Assessment Program
-\$800K	-0 FTE	National Streamflow Information Program
+\$2.5M	-2 FTE	Hydrologic Analysis
-\$3.3M	-20 FTE	Cooperative Water Program
<u>-\$6.5M</u>	<u>-2 FTE</u>	Water Resources Research Act Program
-\$24.5M	-91 FTE	TOTAL

ANSWER: All USGS water programs are valuable. WaterSMART provides the opportunity to focus on water availability and use. The Groundwater Resources and Hydrologic Networks and Analysis Programs will benefit directly from WaterSMART. States will have the opportunity to receive grant funding to develop their water use data. The WaterSMART effort will focus efforts in water use science, ecological flow research, groundwater investigations and geographically focused studies of water availability and use through partnerships with other agencies and stakeholders.

National Land Imaging (LandSat)

The \$48 million increase requested for LandSat, along with the offsetting program reductions and the request for a new stand-alone National Land Imaging account together seem inconsistent with the Survey's 2007-2017 Science Strategy—which only mentions LandSat briefly. It looks as though LandSat is no longer a means to an end, but an end in and of itself.

Simpson Q5: Why has it become such a funding priority?

ANSWER: Landsat furthers Interior's important role in land remote sensing under the National Space Policy and provides invaluable data for land use analysis, natural resource management, and emergency response. The new account will include funding for current satellites (Landsats 5 and 7), the Landsat Data Continuity Mission (Landsat 8), which is scheduled to launch in December 2012, and the development of Landsats 9 and 10, through a continuous operational Landsat program that will ensure data continuity of land areas into the future. Landsat has become vital to the nation's agricultural, water management, disaster response, and scientific communities. The establishment of this account and the increase in funding will provide the stable budgetary foundation needed for a continuous operational land imaging capability. A permanent budgetary and managerial structure will ensure the continued collection and maintenance of the important data the Landsat satellite series provides.

Simpson Q6: Is it fair to say that LandSat is no longer a priority of NASA's?

ANSWER: The USGS cannot speak to NASA's program priorities.

Simpson Q7: If not, then how can you be sure you'll be able to continue to contract their services?

ANSWER: The USGS has had a very productive relationship with NASA for almost 40 years and has worked closely with them on the development of Landsat 8. NASA continues to be an integral partner in the recent discussions concerning Landsats 9 and 10 and fully endorses the new leadership role for the USGS on the Landsat program.

Mineral Resources

The FY12 budget proposes to cut the Mineral Resources program by \$9.6 million, or 18%, with a corresponding reduction of 52 FTE.

Simpson Q9: Please give us an overview of this program and why it is important to America's economic and national security interests.

ANSWER: Minerals and mineral products underpin the U.S. economy and the standard of living of all Americans. Processed materials of mineral origin accounted for an estimated \$578 billion in the U.S. economy in 2010, a significant increase above the estimated \$454 billion for 2009. In 2010, U.S. manufacturers and consumers of mineral products relied on other countries for 100 percent of 18 mineral commodities and for more than 50 percent of 43 mineral commodities critical to national security and the U.S. economy. As strong demand from China and other countries continues for metals and industrial minerals, USGS research and information play an increasing role in ensuring that U.S. mineral commodity needs are met.

The USGS Mineral Resources Program (MRP) is the sole Federal provider of scientific information for objective resource assessments and unbiased research results on mineral potential, production, consumption, and environmental effects. Key partners include other Department of the Interior bureaus, the Departments of Energy, Defense, and State; the Intelligence Community; and the Federal Reserve; as well as State and local government agencies and private organizations with interests in managing mineral lands and ensuring future mineral supplies. The MRP comprises two functions:

- the minerals information function collects, analyzes, and disseminates data that document current production and consumption for about 100 mineral commodities, both domestically and internationally for 180 countries; and
- the research and assessment function provides information for land planners and decision
 makers about where mineral commodities are known and predicted in the Earth's crust, and
 about the environmental consequences of the presence of those commodities.

Simpson Q10: The unique expertise developed by MRP over many decades, in understanding mineral life-cycle and their environmental consequences, is now in demand to support human and ecosystem health research, remediate the effects of natural hazards, and evaluate the supply chain of critical minerals for economic and national security.

Is the focus on domestic minerals consistent with where America's minerals supply comes from?

ANSWER: The USGS provides decision-makers with the information required to ensure that the nation has an adequate and dependable supply of minerals and materials to meet its defense and economic needs at acceptable costs related to environment, energy, and economics. To preserve data and information on domestic mineral deposits, USGS will eliminate collection, analysis, and publication of data on international production, trade and consumption of more than 90 nonfuel mineral commodities from over 100 countries. This will result in a loss of information on rare earth production from China (95 percent of world production) and without information on 42 other mineral commodities for which US companies relied on non-US sources for more than 50 percent of required supply in 2010.

Climate Science

The FY12 budget proposes a +\$9.7 million, or 15%, increase to the climate change program, with a corresponding increase of 46 FTE. As I've said before, I'm not a climate change naysayer, but I do question the federal government's ability to coordinate and account for the rapid increases in so-called climate change spending since FY08. So far I haven't received the kinds of answers that would put my mind at ease.

Simpson Q11: Please summarize for us what USGS is trying to learn with respect to climate change, and explain why we need to know it.

ANSWER: The USGS has a long history of studying climate change. The USGS continues to seek to understand what changes have occurred in the past and interpret the causes and consequences of those changes. Additionally, the USGS is developing tools and methods to observe and anticipate future changes in natural resources. An understanding of future change is important as resource managers develop adaptation plans for and mitigate the impacts of change. USGS science continues to provide a vital foundation upon which resource management decisions can be made.

Simpson Q12: What is the proposed FY12 increase going to be spent on and why?

ANSWER: Funding to complete the DOI Climate Science Centers (CSCs) is included in the 2012 budget request. The CSCs will integrate climate change impact data and develop tools that resource managers and partners can use to develop adaptation strategies that take into account the impacts of climate change on the natural environment. This research will serve as the science base for the Department's network of Landscape Conservation Cooperatives, which will develop adaptation strategies for resource managers.

The 2012 budget request identifies an increase for the USGS carbon sequestration program. The increase will allow the USGS to continue its efforts to meet the requirements of the Energy Information and Security Act (P.L. 110-140) which requires the USGS to complete a national assessment of geological storage capacity for carbon dioxide as well as a national assessment of the carbon stored in and released from ecosystems.

An increase for science support for DOI bureaus is also included in the 2012 budget request. The funding would allow the USGS to provide ecological and population modeling capacity to the Landscape Conservation Cooperatives (LCCs) and support the U.S. Fish and Wildlife Service, Bureau of Land Management, National Park Service, and Bureau of Indian Affairs on high priority research needs for multiple LCCs.

Simpson Q13: Are these priorities that were identified and tasked to USGS by a larger government-wide climate change coordination group such as the U.S. Climate Change Science Program?

ANSWER: Additional resources requested in the 2012 budget request for USGS Climate and Land Use Change programs did not originate with a coordination group but were identified by the Administration as priorities to address the science needs that will aid the nation in adapting to

climate and land use change. The USGS remains fully engaged with the U.S. Global Change Research Program (Climate Change Science Program), as well as with other multi-agency and public-private adaptation planning efforts.

Simpson Q14: How many total regional, State, and field offices does USGS currently own or lease?

ANSWER: USGS ownership or leasing of buildings include: office space; laboratories; biological field, research, and science centers; instrumentation buildings such as geomagnetic, seismic, and volcanic observatories; and warehouses and storage facilities. The following table depicts the information by region:

Buildings							
Regional Executive	USGS Owned	USGS Leased	Total				
Alaska Region	16	13	29				
Midwest Region	68	42	110				
Northeast Region	75	36	111				
Northwest Region	32	29	61				
Rocky Mountain Region	9	30	39				
South Central Region	36	30	66				
South Eastern Region	25	33	58				
Southwest Region	14	79	93				
Total	275	292	567				

Simpson Q15: How many Climate Science Centers has USGS started up to date? How many total Climate Science Centers are planned?

ANSWER: In 2010, three CSCs were established in Alaska, the Northwest, and the Southeast regions. A total of eight CSCs are planned. Funding requested in 2012 will allow the completion of the CSCs and will establish multi-institutional consortia in the Southwest and North Central regions as well as centers in the Pacific Islands, Northeast, and South Central regions.

Simpson Q16: How many of these Climate Science Centers do you plan to co-locate at existing USGS facilities?

ANSWER: Climate Science Centers are being located at universities in order to create strong ties with the university research community, including graduate students and post-doctoral researchers, and to facilitate increased interaction between our scientific and management partners. While there have been some discussions about on-campus co-location of existing USGS employees and other Federal partners, the CSCs will rely upon nearby USGS science centers for administrative support services, increasing the amount of the CSC budget that can be devoted to research.

Simpson Q17: Aren't you paying more in overhead to co-locate at universities than to co-locate at USGS facilities?

ANSWER: Overhead rates are only one consideration in evaluating locations. University partners may be providing in-kind contributions that may have reduced the costs.

Simpson Q18: What do you think are some of the largest impediments to climate change coordination across the federal government?

ANSWER: Climate change is a very broad issue, with many different facets and nuances that affect each Federal agency differently. Because there are so many aspects of climate change to address, from research into causes and anticipated effects at the ecosystem level, to mitigation through the expansion of clean energy, coordination is a difficult task. Coordination across the agencies occurs through a variety of entities and processes, including the U.S. Global Change Research Program, the Interagency Climate Change Adaptation Task Force, and other interagency working groups.

Simpson Q19: How does USGS operate strategically?

ANSWER: The USGS takes a very coordinated, strategic approach to its mission. The USGS Science Strategy, its implementation, and the realignment of its budget structure to mirror the strategy is one example of how the USGS is working strategically to optimize financial resources and the most important resource, the scientific and professional staff who work hard every day, to provide the best value to the taxpayer.

Simpson Q20: Does USGS have the capacity and expertise to coordinate large-scale, government-wide programs?

ANSWER: The USGS certainly has the expertise to coordinate government-wide programs, such as the Federal Geographic Data Committee, Geospatial One Stop, and the National Civil Applications Program. These are all programs that leverage USGS's expertise to coordinate activities across the Federal government.

Natural Hazards

Natural Hazards funding is down by \$5 million (-3.7%) and 7 FTE in the FY12 proposal. While I feel strongly that this is neither the time nor the place to play politics with recent events, I do want to learn more about the Natural Hazards programs in the USGS budget, and in particular the Earthquake Hazards program.

Simpson Q21: Please take a few minutes to explain to the Committee what the USGS's role is when it comes to earthquakes, volcanoes, and landslides.

ANSWER: The USGS has the lead Federal responsibility delegated under the Disaster Relief Act (P.L. 93-288, popularly known as the Stafford Act) to issue alerts for earthquakes, volcanoes, and landslides to enhance public safety and to reduce losses through effective forecasts and warnings. The USGS is recognized nationally and internationally as a primary source for research and information on the causes, occurrence, and consequences of these hazards.

The USGS Earthquake Hazards Program is the applied earth science component of the four-agency National Earthquake Hazards Reduction Program, reauthorized by the Earthquake Hazards Reduction Authorization Act of 2004 (P.L. 108–360) and currently being considered for reauthorization. The USGS develops seismic hazard maps that are used to develop new, unified model building codes for the United States. The USGS is the only Federal entity that routinely and continuously reports on current domestic and worldwide earthquake activity. The USGS National Earthquake Information Center and its regional network partners deliver rapid earthquake notifications by e-mail and text message to over 250,000 users. A suite of earthquake information products such as ShakeMaps are available on the program's web site, which receives more than two million hits every day. The USGS conducts research on the causes, characteristics, and effects of earthquakes with direct application in increasing the accuracy and precision of the bureau's earthquake hazards assessments, earthquake forecasts, and earthquake mitigation practices.

The USGS Volcano Hazards Program enhances public safety during volcanic eruptions through timely forecasts and warnings. Minimizing loss of life and property requires giving people time to prepare. This depends upon accurate hazard assessments, comprehensive monitoring of potentially active volcanoes, rigorous understanding of volcanic processes, and efficient, established communication procedures. The monitoring of U.S. volcanoes is performed by five USGS volcano observatories, four of which are closely partnered with universities. In addition, the USGS works with the Alaskan Division of Geological and Geophysical Surveys (ADGGS), a founding partner of the Alaska Volcano Observatory. Monitoring in the Commonwealth of Northern Mariana Islands is not yet fully developed, and is currently managed by the Alaska Volcano Observatory.

The mission of the USGS Landslide Hazards Program is to improve public safety through better understanding of landslide processes and the application of hazard mitigation strategies. In Southern California, the USGS and NOAA are cooperating successfully on a Flash-Flood, Debris-Flow Warning System. The USGS works with State agencies to assist in the delineation and mapping of landslide susceptibility. The USGS also works with land-use planners to improve the use of landslide hazard information, and land management entities count on USGS scientists to monitor active landslides on Federal land and provide insight on usage.

Simpson Q22: What did USGS learn from the recent earthquake off the coast of Japan?

ANSWER: USGS scientists and colleagues in government and academia are seeking to learn everything they can from this devastating earthquake. Although the loss of life is tragic, the losses would have been much greater had the Japanese not made the investments they did in strong building codes, public preparedness and early warning systems. In particular, it appears that only a few hundred people may have been killed by the earthquake shaking, despite millions of people being exposed to several minutes of severe shaking.

This earthquake underscored the importance of considering all possible earthquakes in assessing the hazard, including those rare events that may only take place every few hundred years. The USGS national seismic hazard maps, which form the basis for seismic provisions in model building codes adopted around the nation, do take into account the potential for magnitude-9 earthquakes off Alaska

and the Pacific Northwest, and they consider the shaking that could result from a repeat of earthquakes such as those that struck the Central U.S. in the winter of 1811-12.

Japan's investments in a robust seismic monitoring system enabled earthquake early warning systems to broadcast an alarm more than 30 seconds before strong shaking reached Tokyo from the devastating magnitude-9 earthquake that struck on March 11. The broadcast was sent via TV, radio, the Internet and cell phones. Millions of people were given the chance to take protective action. In past Japanese earthquakes, early warnings received before strong shaking occurred have saved businesses millions of dollars, slowed high-speed trains, and enabled schoolchildren to safely get under desks.

Finally, the Japan earthquake draws attention to several challenges facing in the United States from large but rare *domestic* earthquakes: providing rapid local tsunami warning; protecting lifeline functions such as power, water, communications; educating the public about what to do to protect themselves and how to cope with the disaster; and minimizing economic losses and disruption. USGS science and monitoring information is responsive to all of these challenges.

Simpson Q23: Are there gaps in the worldwide seismographic network?

ANSWER: Prior investments in the Global Seismographic Network, including Fiscal Year 2005 supplemental funding to USGS following the Sumatra earthquake, resulted in the completion of the 150-station network. Current investment by USGS and the National Science Foundation, through Recovery Act funding made available in 2009, will result in the modernization of the entire network by 2013, assuming current annual appropriation levels are maintained. Continued annual funding will maintain a robust state-of-the-art network and make data readily available. The return on investment can be seen in the difference between 2004, when it took 6 hours and 13 minutes to determine a preliminary magnitude for the earthquake in Sumatra as compared to only 38 minutes to determine the magnitude of the March 11 earthquake in Japan.

The remaining gaps in the network are in the broad ocean areas, where new technology is needed to get real-time data from sensors on the sea floor, and in North Africa, where opportunities for stations have been limited by political challenges.

Questions for the Record from Ranking Member Moran

Reductions to Core Science at the USGS

I am concerned about the many extensive cuts in the budget request for some of the things that I think of as core programs and responsibilities of the USGS. I'd like to take a couple minutes to go over some of these reductions. It seems to me that it is a Federal responsibility to provide the basic science needed to properly manage the public lands and provide citizens, government and industry with reliable natural and biological information to guide our activities.

This budget requires the loss of 230 FTEs, a larger reduction than in any Interior bureau and second only to the 1767 FTE reduction in the Forest Service budget request.

Moran Q1: What will be the impact on the USGS of losing so many scientists and support personnel?

ANSWER: The 2012 budget request aims to ensure the USGS' multidisciplinary science expertise is applied effectively, efficiently, and strategically to meet the nation's most pressing needs today and to preserve its wealth of biologic, geologic, geographic, and hydrologic monitoring capabilities to meet the needs of tomorrow. Loss of the intellectual capacity and institutional memory is of concern. Work force plans are being updated to strategically address the loss of staff proposed in the 2012 budget and allow the USGS to continue its legacy of providing the data, long-term scientific understanding, and scientific tools needed to sustain and improve the economic and environmental health and prosperity of people and communities across the nation and around the world.

Landsat taking up future budgets

I am very concerned that it appears that the \$48 million increase for out year Landsat missions is coming from base programs that are vital to the country and to the USGS. I have seen a chart that shows that the plan is for the USGS share of Landsat 9 and 10 missions will sky-rocket (pun intended) from 0 in FY 2011, to \$48 million in FY12, to \$159 million in FY13 and \$410 million in FY 14. Yet, the chart shows \$410 million in the USGS budget for Landsat two years after the year we are now considering.

Moran Q2: Given that the USGS is a \$1 billion agency, what is going to happen?

ANSWER: The mission of the USGS has not changed, and core science programs will continue. The USGS recognizes the magnitude of this project relative to its existing portfolio. For that reason, it has moved to establish a separate Treasury account for Landsat to responsibly fund an operational land imaging program while ensuring the bureau continues to sustain its core mission. While NASA will still be a USGS partner, with responsibility for spacecraft and instrument development, integration, and launch, aligning budgetary authority with the USGS will ensure that major programmatic decisions are made with the best interest of the Landsat user community in mind.

Landsat belongs with the USGS just like weather satellites belong with NOAA. The Administration supports an operational, DOI-led Landsat program that does not erode the core mission of the USGS.

Moran Q3: Can we expect to lose all of the biology and hydrology parts of the USGS or lose all of the geology and mapping parts of the Survey? This needs to be carefully examined.

ANSWER: There is no intent to offset future Landsat funding with corresponding cuts to other USGS science programs.

Moran Q4: Please provide a table for the record on the possible future out year costs of Landsat 9 and 10 missions, including the USGS portion and the NASA portion, through FY 2019.

ANSWER: In 2012, of the \$48.0 million increase for Landsats 9 and 10, \$29.7 million will go to NASA to conduct trade studies on key design alternatives related to the development of the imaging device and initiate the procurement process for the Landsat 9 instruments and spacecraft; and \$18.3 million will remain with the USGS to gather and prioritize Federal user community requirements for land-image data, establish a science advisory team, conduct trade studies on key ground system design alternatives, and establish the rigorous management oversight processes necessary to execute its overall program responsibilities for ensuring Landsat mission accountability. A table follows.

Projected Costs of Landsat 9 and 10 (Sm)								
	2012	2013	2014	2015	2016	2017	2018	2019
USGS	\$18.3	\$37.8	\$42.4	\$39.6	\$51.5	\$50.1	\$52.4	\$50.2
NASA	\$29.7	\$60.2	\$378.6	\$272.4	\$209.5	\$216.9	\$196.6	\$150.8
Total	\$48.0	\$98.0	\$421.0	\$312.0	\$261.0	\$267.0	\$249.0	\$201.0

Moran Q5: In which disciplines will you see the greatest reductions in FTEs? Do you think that you will lose some of your highest quality scientists and support personnel?

ANSWER: The largest FTE reductions are in the Mineral Resources Program, the National Water Quality Assessment Program, Biological Information Management and Delivery activities, and the Enterprise Publishing Network. Through strategic workforce planning, efforts will be made to retain the expertise needed to provide the science needed by the nation and around the world.

Moran Q6: We keep hearing that land management should be based on quality science, but how will that be accomplished with these large cut backs, such as the reduction to the National Water Quality Assessment Program, the national minerals assessment team, or elimination of the National Biological Information Infrastructure?

ANSWER: Each program in USGS provides quality science. In the development of the 2012 budget, the Administration assessed its priorities and allocated funding to the most critical needs. The 2012 budget will reduce USGS efforts in some areas while providing increases for other priorities such as WaterSMART, ecosystem restoration, Climate Science Centers, and coastal and marine spatial planning.

Moran Q7: Are there extra expenses involved in such a large reduction in FTEs? Will you use a reduction in force (RIF) procedure?

ANSWER: The USGS will employ several workforce strategies to ensure the workforce is the appropriate size. These include using attrition where possible, Voluntary Separation Incentive Payments (VSIP) and Voluntary Early Retirement Authority (VERA) to realign the work force. A reduction in force would be available as a last resort.

Moran Q8: It would appear that some of your high performing programs, such as toxic substances hydrology and the National Water Quality Assessment Program are slated for large reductions. To what degree did the USGS and the Administration use program quality and performance criteria when determining which programs to reduce? What are some of your highest performing programs?

ANSWER: In developing the budget, the Administration assessed both priorities and programmatic performance to make funding decisions. For example, the Climate Effects Network (CEN) was put in place before the establishment of the Climate Science Centers and Landscape Conservation Cooperatives. The CEN did not yield expected results in the timetable identified. Therefore, the 2012 Budget eliminates funding for this program, whose mission will be incorporated into the climate science centers.

The USGS has high performing programs in all its mission areas. In many cases, the science need is greater than the resources to address that need. As a result, priorities must be set to utilize the resources in the most effective manner possible.

Natural hazards research on earthquakes and volcanoes

Moran Q9: Before I ask about your budget reductions for earthquake science and volcano hazard system, can you please reflect on early scientific lessons from the tragic Honshu, Japan earthquake and tsunami? Has the USGS been involved in earthquake monitoring?

ANSWER: USGS scientists and colleagues in government and academia are seeking to learn everything they can from this devastating earthquake. Although the loss of life is tragic, the losses would have been much greater had the Japanese not made the investments they did in strong building codes, public preparedness and early warning systems. In particular, it appears that only a few hundred people may have been killed by the earthquake shaking despite millions of people being exposed to several minutes of severe shaking.

This earthquake underscored the importance of considering all possible earthquakes in assessing the hazard, including those rare events that may only take place every few hundred years. The USGS national seismic hazard maps that form the basis for seismic provisions in model building codes adopted around the Nation take into account the potential for magnitude-9 earthquakes off Alaska and the Pacific Northwest, and they consider the shaking that could result from a repeat of earthquakes such as those that struck the central United States in the winter of 1811-12.

Japan's investments in a robust seismic monitoring system enabled earthquake early warning systems to broadcast an alarm more than 30 seconds before strong shaking reached Tokyo from the devastating magnitude-9 earthquake that struck on March 11. The broadcast was sent via TV, radio, the Internet and cell phones. Millions of people were given the chance to take protective action. In past Japanese earthquakes, early warnings received before strong shaking occurred have saved businesses millions of dollars, slowed high-speed trains, and enabled schoolchildren to safely get under desks.

The USGS has the statutory responsibility to monitor global earthquakes, a task that is carried out by the USGS National Earthquake Information Center in Golden, Colorado, using the 150-station Global Seismographic Network, which is jointly supported by USGS and the National Science Foundation. In the minutes following this giant earthquake, the USGS delivered situational awareness on the earthquake's location, shaking intensity, and the human and economic toll. The NEIC continues to rapidly characterize the dozens of large aftershocks that have struck since the magnitude-9.0 quake. USGS information products are delivered through the USGS website, which receives millions of hits after damaging earthquakes. USGS scientists have responded to heavy media interest, providing numerous interviews to help people understand what has happened.

As part of its responsibility under the four-agency National Earthquake Hazards Reduction Program, the USGS is holding multi-agency/stakeholder conference calls to ensure the coordination of activities across the Federal government and government-funded partners, and exchanging the available information on the earthquake, tsunami, response activities, and post disaster data analytical activities.

The USGS EROS Data Center is coordinating imagery collection and archiving through its Hazards Data Distribution System (HDDS) to support needs identified by Japan; search and rescue teams from the U.S., Germany, and France; and the International Atomic Energy Agency. In response to a request from the Japanese representative to the International Charter for Space and Major Disasters, which has been activated for this event, USGS is coordinating volunteered assistance in image analysis/damage assessment/change detection over the affected area in Japan using U.S. high-resolution commercial imagery.

Moran Q10: The budget request has a \$2 million reduction for earthquake grants. Please tell us about the kinds of things that have been studied with these grants in the past, and what the impact might be of this reduction.

ANSWER: The proposed funding level for earthquake grants in 2012 is a reduction of \$2.0 million from the 2010 enacted funding level. The proposed reduction would reduce by one-third the funding provided for competitive, peer-reviewed, external research grants and cooperative agreements with State governments, the academic community, and the private sector.

This targeted research funded through external grants has been central to the development of
the USGS national seismic hazard maps, urban seismic hazard maps, the National
Earthquake Information Center's rapid response products (executing the USGS'
responsibilities under the Stafford Act), and the research advances that underpin these
applications.

Moran Q11: The request also has a \$1.5 million reduction for the National Volcano Early Warning System. Do you know if the FEMA or other federal agencies will pick up the slack? Aren't there a number of large American cities that are at considerable risk from active volcanoes, such as Seattle and Tacoma?

ANSWER: Since the USGS has the lead Federal responsibility delegated under the Disaster Relief Act (P.L. 93-288, popularly known as the Stafford Act) to issue alerts for volcanoes, it does not believe that FEMA is prepared to assume the \$1.5 million implementation cost for 2012 of the National Volcano Early Warning System, the USGS plan to modernize and expand the existing volcano monitoring and warning system. As for other Federal agencies, the FAA provided major support (\$31.5 million between 1995 and 2008) for expansion of volcano monitoring in Alaska from four volcanoes in 1995 to 30 volcanoes now. That support ended in 2008, and USGS does not expect funding from FAA to resume.

WaterSmart Initiative and reductions to key water science programs

Moran Q12: Once again I am very confused about your budget which asks for a \$9 million increase for your WaterSmart initiative, to census water, and your basic, proven water programs such as the National Water Quality Assessment Program (-\$6.7 million) and groundwater resources (-\$2 million). Please tell us about the impacts of this large cut to the National Water Quality Assessment Program?

I understand that the National Streamflow Information Program has been funded at only about 25% of the amount that USGS requires if it is to meet the stated national objectives.

It seems that stream gages are an essential tool for a myriad of uses. This includes any and all science on water and water use, but also the gages provide real time information during floods and droughts, and the gages provide long-term data needed to understand trends in water supply and use.

ANSWER: The National Water Quality Assessment Program (NAWQA), is responsible for providing nationally consistent descriptions of current water-quality conditions and changes in these conditions for the nation's freshwater streams and aquifers. These assessments are used by Federal, State, and local agencies to develop strategies to protect and improve water quality for the nation's people and critical ecosystems. At the proposed funding level, the NAWQA Program would eliminate planned groundwater monitoring at 76 study areas in 33 States. NAWQA's ability to meet the bureau's 2012 planned performance measure—to complete 11 percent of the decadal national assessment of groundwater quality in support of water resource decision making—would not be met. Instead, only two percent of the decadal assessment would be completed in 2012. In addition to halting groundwater monitoring activities, the proposed budget decrease will prohibit NAWQA's ability to start a national synthesis of suspended sediment in streams and rivers, develop implementation plans and methods critical for the third decade of NAWQA studies, and provide water quality expertise during national emergencies. At the proposed funding level:

 Water-level measurements would not be made in 2,346 wells preventing the program from completing its decadal assessment of groundwater-quality in some of the nation's most important aquifers that are used as sources of drinking water supply and are a significant component of DOI's WaterSMART initiative. These measurements are necessary to distinguish changes in water quality resulting from changes in climate from those caused by humans:

- Water-quality samples will not be collected from 162 wells in 8 principal aquifers in 10
 States resulting in the loss of 36,266 physical and chemical measurements including those for potentially toxic pesticides, volatile organic contaminants, nutrients, and trace elements;
- NAWQA would not begin a national synthesis of suspended sediment in streams and rivers.
 Sediment in North American rivers is responsible for an estimated \$20 to \$50 billion
 annually in physical, chemical, and biological damages. Information on suspended sediment
 concentrations and amounts is needed by managers and engineers responsible for
 maintaining reservoir storage capacity, shipping channel maintenance, bridge scour repair,
 and restoring shoreline changed through subsidence;
- Detailed operational plans, methods development and basic research necessary for the program to be prepared in 2013 to address priority goals and objectives of stakeholders during the third decade of the NAWQA Program would be delayed; and
- Funds to support about 37 USGS professional and technical positions and 4 research scientists would be eliminated.

Moran Q13: Please tell the Committee something about the national Streamflow system, and tell us if this system is being degraded by the reductions in Federal funding, such as your FY 2012 budget request?

ANSWER: The National Streamflow Information Program (NSIP) provides streamflow information and understanding to meet national, regional, State, and local needs through five major objectives:

- Developing an enhanced streamgaging network fully funded by NSIP to meet national needs for streamflow information. This Federal backbone network will be supplemented by streamgages funded by partnerships to meet State, regional, and local needs;
- Improving timeliness, reliability, and convenience of streamflow information delivery to users.
 This includes robust and redundant data delivery systems that ensure continued availability of data during catastrophic events and improved storage, retrieval, and data analysis abilities for all users;
- Completing regional assessments of existing streamflow information to identify trends and
 estimate streamflow at locations without streamgages. These trends help identify effects of
 land use, water use, and climate changes on the Nation's surface-water resources;
- Improving understanding of floods and droughts through expanded measurements and analyses; and

 Performing and funding research and development activities to advance equipment technologies and measurement and analysis techniques for greater accuracy at lower cost to provide streamflow information.

The 2012 Budget maintains funding for the NSIP, with a small increase related to ecosystem restoration. The only reduction to this program are for management efficiencies and the Enterprise Publishing Network.

Endocrine disrupters and contaminants in streams

As you know, I am very concerned about contaminants that are in drinking water, which may have adverse health effects at very low concentrations. We have seen problems in the Chesapeake Bay watershed and elsewhere in the Nation where we find sick, inter-sex fish living in the same water we drink. Your budget request reduces funding for contaminant biology and for toxic substances hydrology.

Moran Q14: Can you please tell us about the problem of bio-active chemicals in our water, and the work that the USGS does in this arena?

ANSWER: USGS is learning more every day about the chemicals used daily in our homes and places of work that are entering the environment. The USGS' ability to measure chemicals at very low levels has enabled measurement and study of chemicals and chemical mixtures in ways not possible before. This new knowledge and new capabilities are enabling characterization of environmental contamination issues that warrant close attention. Despite the low levels of some of the chemical contaminants found in the environment, USGS studies have demonstrated that they still can have effects on organisms in many environmental settings.

The USGS conducts broad research and assessment activities that (1) identify and prioritize chemical contaminants of emerging environmental concern, (2) develop methods to measure those chemicals in environmental media (including water, sediment, and tissue), (3) determine whether they enter the environment and if so, from what sources, at what levels, and in what chemical mixtures, (4) define their relative persistence in the environment including through wastewater and drinking water treatment processes, (5) evaluate their bioavailability, impacts, and mechanisms of impact on fish and wildlife and the associated ecosystems, and (6) assess potential human exposure to these chemicals via various exposure routes (including public and self-supplied drinking water). Such bioactive "emerging contaminants" include pharmaceutical compounds, which are intended to be biologically active, and other chemicals found or believed to be bioactive. The chemicals which have been identified as the highest priority include chemicals believed to be endocrine disruptors, pharmaceuticals with particular adverse impacts on non target organisms, antibiotics which may promote antibiotic resistance, and other chemicals that are found in the environment and are believed to be a health risk.

Endocrine disrupting chemicals (EDC's) are bioactive, can be bioactive at very low exposure levels, and their effects can be compounded by exposure to many different chemicals which have similar mechanisms for acting on living organisms (e.g., estrogenicity). Endocrine disruptors (ED) can

cause adverse developmental, reproductive, neurological, and immune effects, which may not become evident until later in adult life or in a subsequent generation. EDCs have been shown to have significant adverse impacts on fish populations. The USGS is currently unable to define the extent of ED in ecosystems across the nation or the human exposure to EDCs in drinking water. EDCs are still being identified.

The USGS has assessed ED in various fish species, loons, amphibians, river otters, and rodents. However, the degree to which ED has been caused by exposure to chemical contaminants is not well defined, and is required to effectively address prevention and mitigation. A USGS priority is to document the cause-and-effect "linkage" between exposure to EDCs and effects observed in organisms. USGS field-based studies of the "linkage" between ED and exposure to EDCs include the Potomac River, Boulder Creek (CO), Lake Mead, NV, the Missouri River, Lake Erie, the Columbia River, and the Minnesota River.

Moran Q15: How will these budget request reductions impact your ability to do science in this field?

ANSWER: USGS studies on emerging environmental contamination issues, including endocrine disruption, is proposed for reduction in the President's 2012 budget request for the Toxic Substances Hydrology program, the NAWQA program, and the Contaminant Biology program. Reductions in funding from these programs will impact endocrine disruption research efforts on fish, wildlife, and people.

The proposed decrease to the Toxic Substances Hydrology Program would discontinue all research and methods development activities related to "emerging contaminants" (including pharmaceuticals, and new household and industrial chemicals), and new and understudied pesticides. It will eliminate activities to develop new laboratory methods to measure priority environmental contaminants and activities to characterize their sources, environmental persistence and fate, adverse ecological effects, and human exposure across the Nation.

The proposed decrease to the NAWQA Program would discontinue systematic monitoring assessment of the occurrence of emerging contaminants and new and understudied pesticides, identified by the Toxics Program as a priority, as well as other unregulated contaminants, including endocrine disruptors, that are still being considered for environment regulation.

The proposed decrease to the Contaminant Biology Program would reduce research to assess the impact of environmental contaminants (including endocrine disrupting chemicals) on animal and ecosystem health.

The EPA and other Federal regulatory agencies and States employ this information to register and regulate chemical use and to develop sound health advisories and criteria to protect aquatic life, including protection of drinking-water quality and improved management of chemical discharges into the environment.

The information on emerging environmental contamination issues provided by these USGS programs also is used by State and local governments to identify emerging environmental health issues. They then use the methods developed by the USGS to acquire additional information based on local needs to support local decision making.

Moran Q16: How are the contaminants programs at the USGS and the US Fish and Wildlife Service coordinated and how do they relate to one another? Is there duplication of effort?

ANSWER: The USGS and FWS environmental contamination programs are complementary of each other and coordinate at both the national and regional levels. National level coordination includes prioritization of the most important environmental contamination issues, including endocrine disruptors, ecosystem restoration after a disaster, and other large-scale environmental health concerns, and sharing scientific information that is essential for informed resource management and restoration decisions. Coordination between the two agencies also occurs at regional or local levels, based on needs associated with specific refuges or species of concern.

There is a distinct difference between the activities of the two agencies. As the science agency of the Department of the Interior, the USGS provides technical support to DOI and DOI resource management agencies (FWS, NPS, BOEMRE, Reclamation, and BLM). As an independent science agency, with neither regulatory nor management authority, USGS provides reliable, timely, objective science and support. This includes technical information, field and laboratory based research, field investigations, monitoring and analysis, and ecological modeling.

The FWS conserves, protects and enhances fish, wildlife, and plants and their habitats for the continuing benefit of the American people and supports regulatory actions, including the review of environmental documents, legislation, regulations, permits and licenses. For example, FWS works closely with EPA to ensure compliance with statutes such as the Endangered Species Act.

The FWS is currently developing and implementing a new national Avian Health Program. Some of the health activities proposed by this program are being performed by the USGS. The USGS has offered to provide input to FWS on how the agencies might work together to leverage resources and avoid a duplication of efforts. As an example of USGS and FWS coordination, the USGS collaborates with FWS on a number of projects related to endocrine disruption, which are complementary and not duplicative. Synergies between the FWS fish health activities have enabled USGS and FWS scientists to be in the field together. The FWS scientists have provided assistance with collection of fish samples for comprehensive investigation of the multiple factors that affect fish health. Much of the funding for these USGS projects has come from FWS.

Moran Q17: Can you please explain if the USGS has made progress with coordination among the field-based component at the Leetown Science Center in West Virginia, the lab-based modeling approach at the Columbia Environmental Research Center in Missouri, and the immune response and genetics work at the Western Fisheries Research Center in Washington. How do the USGS efforts complement work at other federal agencies, universities and industry on the effects of these chemicals on human health as well as wildlife?

ANSWER: The USGS has made good progress in coordination of national endocrine disruption research among the activities at the Leetown Science Center (LSC), the Columbia Environmental Research Center (CERC), and the Western Fisheries Research Center (WFRC). One of the strong points of USGS aquatic environmental health research is the unique and holistic combination of biological effects-based monitoring, the laboratory based modeling, research on immune response and genetics, chemical analyses of water, sediment and tissue, and the incorporation of landuse/landcover/hydrology information.

The Leetown Science Center (LSC) has continued to make progress on assessing the temporal and geographic relationships among the biological effects found in fish in the Potomac River basin, levels of potential endocrine disrupting chemicals and current land-use activities. The research at the Columbia Environmental Research Center (CERC) continues to investigate the processes involved with development of intersex fish and the functional consequences of endocrine disruptors.

The Western Fisheries Research Center (WFRC) is coordinating with CERC on the development of a zebrafish model using the same endocrine-disrupting compounds. Zebrafish genetics are well studied and therefore provide the gold standard for genetic models in fish. The zebrafish model is focused on understanding the impact of endocrine disrupting chemicals on immune suppression and subsequent reductions in disease resistance. In both the bass and zebrafish models, the USGS labs are utilizing similar molecular approaches to enable comparisons between these species, thus allowing USGS scientists to understand common mechanisms for reproductive problems and immune suppression in native fish.

Currently, work is ongoing to incorporate the immune function tests employed by LSC into the CERC studies, to better define the full impact on an organism and the method of that impact. The Toxic Substances Hydrology program has the capability to measure a wide range of environmental chemical contaminants at extremely low concentrations in samples of environmental waters, sediments, and fish organ and muscle tissue, and the expertise to assess hydrologic factors that affect chemical transport, persistence, and exposure.

Proposed reductions in funding will reduce all of the aforementioned efforts and will limit the ability to accomplish these comprehensive and coordinated activities and goals. USGS activities related to identifying, monitoring and understanding the causes and effects of endocrine disruption in fish and wildlife species are the most comprehensive in terms of characterizing and understanding the cause and effect linkage between chemical exposure and endocrine disruption and the actual endocrine disruption-related effects observed in the field. Studies being conducted in USGS laboratories utilizing the actual species of interest (bass) from the environment are unique.

The USGS has unique capabilities and expertise which allow long-term comprehensive studies that cannot be done by other agencies or academic institutions. Partners and collaborators on endocrine disruptor research include, but are not limited to EPA, CDC, NIH, the National Cancer Institute, NIEHS, State public health departments, the University of Maryland, the University of Washington, and the University of Colorado.

Moran Q18: In the past, the USGS has done some important research on the presence of bioactive endocrine disrupters that is an important water quality issue. However, the USGS has had inadequate funding to even do chemical analyses on samples that have been obtained. Please tell us what backlog you may have at doing detailed chemical analyses of specimens, and how this will be dealt with in fiscal year 2012 under this request.

ANSWER: Assessment of intersex fish in the Potomac River continues to be a USGS priority with publications in 2009-10 on the mortality of sunfishes and the reproductive health of bass in the Potomac drainage. Progress on endocrine disruption in fish elsewhere in the nation continues and includes publications in 2009-10 on the widespread occurrence of intersex in watersheds across the nation, the level of Atrazine that causes effects in fish issues related to fish endocrine disrupters in Minnesota Lakes, the relation of predator avoidance behavior in minnows exposed to estrogenic chemicals, and immune suppression in brown bullheads exposed to estrogenic chemicals. In 2009, \$400,000 was added to the USGS budget to address endocrine disruptions, including a specific interest to begin analyzing backlogged samples of fish tissue for endocrine disruptions.

Increasing scientific challenges associated with the endocrine disruption issue has resulted in the need for more samples and more complex analyses. For example, to understand the specific biological mechanisms of effect on an organism, samples of the tissue from the muscle and multiple organs of a single fish must be analyzed for their chemical content. The USGS collects samples when the opportunity arises because it is economical, for example, segregating numerous samples from each fish collected. Furthermore, more samples of fish both from impacted and control areas are needed for a robust scientific analysis. Often USGS does not have the resources on hand to analyze all of the samples collected, but hopes to analyze as many as possible.

In 2010, the USGS redirected funding to complete analyses on backlogged and additional recent samples. In the past year, approximately 200 additional fish tissue samples were collected in conjunction with studies being done in the Potomac and Susquehanna rivers. Water samples were also obtained from passive samplers located in both the Potomac and Susquehanna drainage basins. Under the proposed 2012 budget, funding will not be available to complete the chemical analyses of these additional samples. Although funding for analysis is not currently available, consistent monitoring of the chemicals is important. Therefore, the USGS has continued to collect samples when the opportunity arose with the expectation that at some point in the future it will be able to identify funding to complete the analysis.

Landsat remote sensing and new rocket costs

Besides restructuring your budget this year, you also are asking for a new Treasury appropriations account to support basic rocketry costs of future Landsat missions. It appears that the USGS is picking up costs that in previous years were always in the NASA budget. Furthermore, these funds will have to be transferred to the NASA since they have the specialized rocketry skills.

Moran Q19: Please tell the Committee about the large program reductions in your core programs that appear to have resulted from the USGS picking up this major new responsibility, but not the funding, for this space effort.

ANSWER: The reductions in some USGS programs are not the result of the new Landsat priority, but are a result of tough choices to meet the overall funding target for FY 2012. No other agency has budget authority for Landsat missions after Landsat 8, scheduled for launch in 2012. The National Space Policy calls for an operational Landsat program, with satellites built by NASA, but funded by the USGS on a reimbursable basis, just as NOAA procures weather satellites through NASA. This model will ensure that the agency that determines the data requirements is also the agency that manages the budget, increasing efficiency and improving the satellite quality within budget constraints. USGS will not duplicate NASA's specialized skills; but will rely upon NASA to procure space systems for the USGS.

Moran Q20: Can you please explain in some more detail why the federal government needs to be in the Landsat business, and what some of the past uses of Landsat information have been? To what extent do government, citizens and industry depend on Landsat data to map the nation and to track changes?

ANSWER: Landsat is a critical tool for water and natural resource managers and for commercial firms as well, because of its invaluable data for land change analysis, agriculture, forestry, water management, natural resource management, geology, emergency response, wildfire mitigation, and energy. Two unsuccessful attempts to commercialize the Landsat Program over the past 25 years have convinced the Administration that the Federal government needs to continue building and operating future Landsat satellites. Managing Landsat with a long-term operational perspective will not only enable the reduction of cost and risk associated with individual missions, it will provide a strong sense of stability to the program and its burgeoning user community, while sustaining and even accelerating the recent explosion in development of new scientific and operational applications.

Water resource researchers have developed highly successful methods for using Landsat thermal infrared (TIR) data to measure water use in agricultural crop irrigation. In the Snake Plain Aquifer in southern Idaho (the State's most populous and agriculturally productive area), irrigation practices have had a tremendous impact on both surface and ground water supplies. Previous flood irrigation practices and more modern use of center-pivot irrigation systems have over the years raised and lowered ground water levels by as much as 60 feet over some 10,000 square miles. As the State continually attempts to understand and manage a dynamic hydrologic balance, information on water supplies, water uses, and particularly consumptive water use and evapotranspiration (ET) have become increasingly important.

Western States use Landsat TIR data to calculate ET and water consumption by agriculture and natural vegetation. Irrigated agriculture accounts for a significant percentage of the consumptive water use in the West. There are tens of thousands of wells to be monitored and related water rights to be administered, and Landsat's ability to automatically capture broad swaths of detailed data from space provides substantial savings over traditional labor-intensive, man-on-the-ground methods of checking water use well by well. Landsat TIR data, coupled with computer modeling of aquifer conditions, are allowing the Western States to budget their water use in a scientifically and legally defensible manner. Landsat TIR data is the only source of space-based data with the appropriate spatial resolution for field-by-field identification and administration of increasingly precise water

needs and uses. The ability to measure, monitor, and manage water needs and uses over various geographic scales in near real time is becoming essential to sustainability now and in the future.

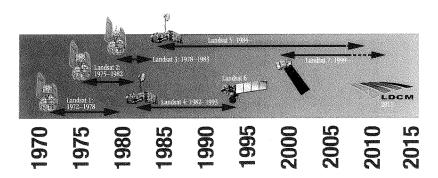
U.S. commercial firms have used Landsat data since the early '70s for many diverse applications including: land use/land cover identification, land use/land cover change detection, forestry, agriculture, oil/gas/water exploration and management, environmental assessment and monitoring, wildland fire risk assessment, disaster response, wetlands mapping, impervious surface measurements, and urban planning. These projects have been carried out for Federal agencies, State and local governments, international organizations, private industry and the defense and intelligence community and employ thousands of analysts and scientists across the United States. These firms take basic Landsat data provided by the USGS and create higher-level products, such as land cover maps.

Print and broadcast news media frequently use Landsat images in their headline stories. Most Americans have probably seen televised Landsat images of burning oil fields in Iraq, mountainous terrain in Afghanistan and Pakistan, regional flooding after Hurricane Katrina, a giant oil slick in the Gulf of Mexico, an enormous polar ice sheet breaking up, a multi-State volcanic dust cloud, and, these days, the coastline of Libya. Large and small commercial firms derive information products from Landsat data. For example, tens of thousands of Landsat images are posted on publicly accessible Google web sites; entire global data sets revealing changes across four decades are freely available over the Internet from ESRI (a geographic information system software provider), and insurance companies sell wildfire-risk policies in the West, based in large part on the analysis of regional fire-fuel and drought conditions derived from Landsat data.

Moran Q21: What is the advantage of putting the rocketry costs for Landsat in the USGS budget rther than in the NASA budget where the rocket scientists reside?

ANSWER: Landsat has never been budgeted as a continuous capability; each satellite has been funded individually without commitment for developing future missions. NASA's Earth observation satellites are conceived, developed, and operated as research missions, not "operational" missions, wherein flight-proven technology is used to carry out repetitive observations and measurements by a series of satellites designed for long-term continuity of operations. The model proposed by the National Space Policy for a sustained land imaging capability is similar to that of the Nation's weather satellite capabilities whereby NOAA provides mission requirements and funding to NASA on a reimbursable basis to develop and launch the spacecraft that NOAA then operates, in order to widely and freely distribute meteorological data and information.

Moran Q22: Can you please provide for the record a chart of the various historic and planned Landsat missions as well as a chart that indicates what the out-year cost may be for development of Landsat 9 and 10 through fiscal year 2019?



Predicted Costs of Landsats 9 and 10								
(\$000s)	2012	2013	2014	2015	2016	2017	2018	2019
USGS	\$18.3	\$37.8	\$42.4	\$39.6	\$51.5	\$50.1	\$52.4	\$50.2
NASA	\$29.7	\$60.2	\$378.6	\$272.4	\$209.5	\$216.9	\$196.6	\$150.8
Total	\$48.0	\$98.0	\$421.0	\$312.0	\$261.0	\$267.0	\$249.0	\$201.0

National Biological Information Infrastructure

The request eliminates funding for the National Biological Information Infrastructure, a reduction of \$6.7 million. The request also eliminates support for the national network of natural heritage conservation data centers, the State agencies that provide the nation's data on rare species and ecosystems.

Moran Q23: Can you please give some history on these programs and explain how this information will be replaced?

ANSWER: The National Biological Information Infrastructure (NBII) provides high-quality data and information about our nation's biological resources from all possible scientifically reliable sources and is the source of information for data portals such as data.gov. The NBII is operated and managed by the USGS and has been built in cooperation with more than 200 partners over the past 15 years.

The USGS national-level approach to managing biological and natural resource data and scientific information ensures the application of standards that foster opportunities for collaboration and cooperation. The USGS places a premium on partnerships at all levels of government and with non-governmental entities, including the private sector. These partners use USGS-generated scientific data and contribute their own data, providing access to a large, combined knowledge base, which then becomes available to Interior land and resource managers, and others. Each node (focus area)

of the NBII is developed through the collaboration of the partners and customers involved with that focus area.

Regarding the national network of natural heritage data conservation centers, the USGS provides support to the non-governmental organization coordinators who assist State agencies in managing and aggregating their conservation-related data and information. The 2010 funds allocated to this assistance will yield useful products that will be publically available. Completion of these efforts is not dependent on continued funding. However, similar projects will not be implemented in the future.

Moran Q24: If the USGS does not provide this basic biological data service, will anyone else? How will conservation and land management decisions be made if the basic data for occurrence and biology are not readily available?

ANSWER: The role being served by the NBII is not currently being filled elsewhere. The NBII is a unique Federal resource that embodies the concept of open government, ensuring access to high-quality natural resources data, information and tools from credible scientific organizations in all sectors. It provides transparency for data both directly, and as a contributor to data.gov, and it responds to OMB Circular A-130 by making Federal data and information available and useful to the government and to the public. While other sources of natural resources data exist, they typically expose only data generated by a single organization, or are not publically accessible. Given Federal security standards and public good goals, the NBII serves a role that only a Federal entity can fill.

BP- Trans-ocean Deepwater Horizon Disaster

Dr. McNutt, I want to thank you for your leadership role during the response to the BP oil disaster in the Gulf of Mexico 11 months ago.

Moran Q25: Can you please take a minute to reflect on the massive inter-agency effort during and after the disaster? What are some of the key lessons you have learned from this massive effort?

ANSWER: The first lesson is that the USGS must maintain its core science capabilities because in times of crisis, it's impossible to precisely predict which areas of scientific expertise will be needed. The role of the USGS in Houston was to monitor the interaction of the Macondo well with the surrounding seafloor and overlying ocean, and to make sure that the risk of any negative consequences of our well intervention were minimized during the attempts to collect oil, shut in the well, and ultimately kill it. The USGS team accompanying me in Houston consisted of a groundwater hydrologist, a geophysicist with drilling experience assessing hazards on the San Andreas fault, two seismologists to interpret seismic reflection data as the well was shut in, and a geologist expert in interpreting well logs and rock cores. I provided the oceanography and remotely operated underwater vehicle (ROV) expertise. Each team member was operating beyond his or her immediate job description, but each brought decades of experience in creative problem solving. I believe that the results speak for themselves.

Second, every person involved in the on-the-ground response can attest that the Federal agencies elevated teamwork to an unprecedented level during the oil spill. We were in constant communication with our colleagues from DOE, NOAA and the Coast Guard, sharing data, equipment, and expertise to make maximum use of the resources available. The Director of the Office of Science and Technology Policy (OSTP) and I organized a special meeting at the EPA in early May to engage the academic community to let them know what the government was doing, to find out what resources they had to offer, and to gain commitment from BP to fund academic research on the impacts of the spill. The National Science Foundation stepped forward with an impressive level of funding for rapid response research (RAPID) grants to get the academic community involved as well. As the oil spill activities have ramped down, the strong ties that were forged in crisis have remained. We have developed a level of trust and shared sense of purpose. As a good example, some of these previous connections were instantly reactivated in the aftermath of the tragic Japanese earthquake. The question that should be asked is: Will each new political leadership team need to start over again?

Finally, the scientific community could have benefitted from a more rapid peer-review mechanism, for both academic as well as government research. This crisis was unusual in that science was so much a part of the solution to the problem that it would have been unconscionable to sit on results to wait for normal peer review in scientific journals, which can take weeks to months, before releasing the results of research. Nevertheless, government and academic researchers alike were faulted for publicly announcing and applying science that had not been through the normal peer review process, despite the fact that it was needed immediately to respond to an environmental crisis. If another such event were to occur, a rapid-response peer review system that could quickly (days) check scientific results would ensure that the bottom line is right before being released. This would be far short of the complete review that a journal article demands, but would at least avoid the criticism that was lodged during the spill. Fortunately, the government results that were released were confirmed later when subjected to peer review. But we should not depend on that always being the case.

Moran Q26: Is the USGS involved in the Natural Resource Damage Assessment process?

ANSWER: Yes, the USGS has worked with other Department of the Interior bureaus and NOAA in developing several NRDA projects to provide the science needed to determine adverse effects on natural resources and to address restoration efforts. Examples of projects the USGS is conducting with the natural resource trustees include assessment of sea turtles, gulf sturgeon, marsh birds, and deepwater coral. In addition, the USGS is providing technical support in aerial imagery which provides information useful in both resource injury assessment and restoration planning activities. USGS staff serve on the DOI NRDA Case Coordination Team.

Moran Q27: I am concerned that a lot of expensive wetland and other Gulf of Mexico restoration activities may be proceeding at great cost, without benefit of the best available science. Do you think that the Gulf of Mexico wetland restoration activities are using the best available wetland and geological science? To what extent is the USGS National Wetland Research Center in Louisiana involved in the Gulf of Mexico restoration activities?

ANSWER: The Gulf Coast Ecosystem Restoration Task Force (GCERTF) developed a Science Coordination Team (SCT) which is coordinating several scientists who are producing data on the current conditions, problems, needed high level activities, performance metrics, and gaps in science related to ecosystems (including wetlands) in the Gulf. There are approximately 70 scientists involved in the SCT, including USGS scientists.

In addition to the two USGS scientists coordinating the SCT (from the USGS Gulf Coast Science Coordination Office, Eastern Region), there are also two USGS scientists on working subgroups. Four scientists are from the USGS National Wetlands Research Center (NWRC), including the center's Director, Deputy Director, Coastal Restoration Assessment Branch Chief and a Research Geographer/Socio-Economist. In addition to the aforementioned, other efforts will include modeling, monitoring, and research needed for adaptive management in the restoration effort and strategy development.

All of these SCT efforts are working to define the GCERTF strategy of research, science, and monitoring needs to guide science-based restoration activities. The Gulf of Mexico restoration activities are proceeding with knowledge of the best available science.

The NWRC has been involved in Gulf of Mexico restoration activities through geospatial and ecosystem research over the past 20 years in response to the Coastal Wetlands Planning Protection and Restoration Act and in cooperation with State of Louisiana planning and restoration activities.

The NWRC has been indirectly involved in the Gulf of Mexico restoration activities by conducting scientific studies of land loss rates and ecology of different wetland types and species to environmental change. The NWRC conducts basic field and experimental research to better understand the structural and functional aspects of natural, restored, and constructed wetlands. We have published numerous scientific reports and maps used or referenced by restoration practitioners and project planners.

The NWRC has a long history of developing coastal habitat datasets and wetland monitoring solutions that are directly used by the Gulf of Mexico partners in past restoration efforts and has provided geospatial and ecosystem datasets to the effort.

Energy management on-shore

Moran Q28: The USGS is responsible for inventories of the nation's fossil energy resources. Please tell us what the USGS does to help determine oil, gas and coal resources and how this vital inventory effort may be impacted by the large request reduction for this program.

ANSWER: The 2012 request for USGS' Energy Resources Program (ERP) is \$27.392 million, an increase of \$155,000 over 2010 enacted levels. Within this level there is a reduction of \$2 million for the ERP's State cooperative project and an increase of \$3 million for the New Energy Frontier initiative. The proposed \$2 million reduction will eliminate the State Cooperative project which funds State geological agencies to collect and disseminate coal resource data as well as data to be used in unconventional oil and gas research and assessment and all oil shale research and assessment

in the USGS. The release of assessments of domestic unconventional oil and gas resources will be delayed

The USGS Energy Resources Program is conducting a systematic inventory of the technically and economically recoverable coal resources of the significant minable coal beds in the United States. The first basin being assessed is the Powder River Basin in Wyoming and Montana. This inventory, with the others on the schedule, will provide policy makers an important planning tool needed to develop long-term energy strategies and provide decision makers with important information about what coal resources are currently or potentially technically and economically recoverable. The State Cooperative project and the data provided by the States is a critical component of our national coal assessment and elimination of this activity will limit the data available for the inventory, and thus affect the timeliness and comprehensiveness of the finished product.

The USGS ERP has studied the quality and quantity of the oil shale resources throughout the U.S. and recent USGS assessments show that the Green River Formation in Colorado and Utah alone contains over a trillion barrels of oil in place, thus it is an important part of the U.S. energy mix. The proposed reduction to the Energy Resources Program will result in the elimination of research of this critical oil resource.

The USGS has a project to estimate the undiscovered, technically recoverable oil and gas resources of the United States. The purpose of USGS assessments is to develop robust, geology-based, statistically sound, well-documented estimates of quantities of petroleum resources having the potential to be added to reserves, and thus contribute to the overall energy supply. The USGS assessments are considered authoritative and comprehensive. Recent USGS focus on oil and gas resource assessments has been on unconventional resources such as shale gas, shale oil, tight gas, tight oil, and coal bed methane. Onshore U.S. basins have significant potential to produce unconventional natural gas resources and it is important to re-evaluate oil and gas basins periodically as the amount of undiscovered, technically recoverable resources changes over time. Advances in geologic understanding, as well as changes in technology and industry practices, necessitate that resource assessments be periodically updated to take into account such advances.

One example of this change is the USGS assessment of the Bakken Formation of the U.S. portion of the Williston Basin in North Dakota. This assessment, released in 2008, shows an estimated 3.0 to 4.3 billion barrels of undiscovered, technically recoverable oil compared to the USGS 1995 mean estimate of 151 million barrels of oil. This phenomenon is equally true for other basins, especially those with shale gas-bearing formations throughout the United States such as the Barnett Shale and Marcellus Shale. The proposed \$2.0 million cut to the Energy Resources Program will delay these domestic petroleum resource assessments and their availability.

Climate Change

We have seen from the Republican press releases on HR-1 that they do not feel it is important for Interior to increase its science on climate change, and it is not important for the Department, which manages 20% of America's land, to begin adapting to the changes already underway.

Moran Q29: Can you please summarize some of the changes that your scientists are already seeing on the ground, such as rising sea levels destroying refuges, drought leading to wildfire and disease, and disruption to ecosystems caused by invasive species?

ANSWER: Rising sea level has accelerated the erosion and inundation of some coastal refuges, such as the Blackwater National Wildlife Refuge (NWR) in Maryland and the Delta and Breton NWRs in Louisiana. Sea-level rise is a large threat to refuges along the Gulf and South Atlantic coasts, as well as in Alaska and in low-lying island refuges in the Pacific. Rising temperatures have altered vegetation structure in vast tracts of Western and Alaskan forests through drought, fire, invasive species, pests, and pathogens. In the Western United States, USGS scientists have documented a correlation between increasing spring and summer temperatures of one degree Celsius since 1970 with an increase in fire frequency by 400 percent and burned area by 650 percent.

Many forestlands are undergoing a total "regime shift," where entire ecological communities are transformed from their historical conditions. Such shifts are seen in the coastal shrublands of central and southern California due to increased frequency of wildfires and in the Jemez Mountains of northern New Mexico where drought stress has led to the die off of pinyon and ponderosa pine. A rise in temperatures has allowed some invasive species to expand their ranges into habitats that were previously inaccessible to them, such as the expansion of the balsam wooly aphid into stands of subalpine fir. The USGS has also documented numerous other indicators of a warming climate: acceleration in the decline of permafrost in Alaska and the retreat of sea ice in the Arctic, the earlier arrival of spring migrant birds in the East, and the earlier peak in stream flow in snow-melt dominated watersheds in the U.S. West and Northeast.

My friends have been very concerned about the Climate change science centers at the USGS and the Landscape Conservation Cooperatives managed by the Fish and Wildlife Service and other bureaus for the purpose of adapting to climate change.

Moran Q30: Can you please explain the relationship between the Science Centers and the Landscape Conservation Cooperatives and how you are working to ensure there is no duplication of effort?

ANSWER: The Department of the Interior established an executive-level body, the Climate-Change Working Group, to ensure effective coordination and collaboration among the USGS, FWS, and other Interior bureaus to ensure that the CSCs and LCCs are complementary, not duplicative. The CSCs provide regional-level understanding, data, and tools about how climate change will affect natural and cultural resources with the goal of supporting LCCs and other managers in making local-scale decisions about climate adaptation. The Landscape Conservation Cooperatives (LCCs) bring together public and private sector managers to apply science provided by the CSCs to resource management decisions in specific places or for specific species or other resources.

The LCCs generally focus on a smaller geographic area than CSCs and will specialize in applying, rather than producing, research information to land management practices. As the primary clients of the CSCs, the LCCs will identify their science needs to incorporate into the CSC science agenda. In

addition, CSC scientists work closely with LCC staff or other managers in undertaking the research, to ensure its full applicability and utility. For example, CSC scientists are developing methods to project where habitat will persist for trout and other coldwater species as climate changes over the coming decades. These tools can then be applied by the LCCs to assist managers, State agencies, and other Federal agencies in prioritizing conservation actions for these species in specific watersheds.

There is concern by some Members that various Federal agencies are using the current concern about climate change as the basis to get increased funding for the kinds of activities they would be doing anyway. There is also concern that there may be a proliferation of climate change science going on in lots of different agencies and programs.

Moran Q31: Can you step back for a moment and explain what exactly the role of the USGS is in climate change science, and then explain how you are coordinating with other Federal departments and agencies, including academia?

ANSWER: USGS research occupies a unique niche in the climate science community and is a world leader in understanding the Earth's climate history. The USGS conducts research to identify the impacts of climate change and assist resource managers and the public in adapting to climate change. For example, USGS data and research help coastal communities plan where to build or relocate buildings; it helps the Department of Transportation plan its coastal infrastructure in Alaska and along the Gulf Coast; and it helps water managers in the West anticipate water losses in reservoirs and streams due to evaporative losses and timing of snowmelt.

The USGS works with other Federal agencies such as NOAA, NASA and other Interior bureaus in these efforts. The USGS represents Interior or provides crucial scientific support for a variety of national and worldwide efforts such as the Intergovernmental Panel on Climate Change, U.S. Global Change Research Program, U.S. National Climate Assessment, Group on Earth Observations, and the development of both a U.S. national adaptation strategy through the Interagency Climate Change Adaptation Task Force, and the national adaptation strategy for fish, wildlife and plants. These examples illustrate the ways in which the USGS works with others to both ensure coordinated use of scarce public science resources and to apply those resources to key societal challenges.

These national and global initiatives are complemented by the USGS on-the-ground interactions with other science agencies and management users at the regional and local level. For example, the USGS is active with all newly established LCCs, and in regional efforts such as the Climate Change Collaborative and the State-Federal Alaska Climate Change Executive Roundtable. Less formal activities are underway as well. For example, the USGS and NOAA technical experts are evaluating the adoption of common data management strategies across these and other agencies.

This subcommittee has been concerned that the Administration needs to have a well coordinated approach to climate change science and adaptive management. We encouraged the Interior Department, working with other departments, to come up with a comprehensive strategy.

Moran Q32: To what extent has the USGS worked with other departments and agencies to have a coordinated approach to climate change science?

ANSWER: The USGS is engaged on many fronts, working with other Federal agencies to coordinate the Federal government's approach to climate change science. For example, USGS scientists are members of the Council on Environmental Quality (CEQ) Water Working Group, which is working with the Interagency Climate Change Adaptation Task Force to describe how the Federal Government should respond to water-resources challenges associated with climate change; the National Ocean Council Strategic Action Plan Writing Teams, which has a focus on Resiliency and Adaptation to Climate Change and Ocean Acidification; and the CENRS Subcommittee on Water Availability and Quality, which is completing the SECURE Water Act Section 9506 Report to Congress on information needs for water resources management.

Moran Q33: It seems that among the most immediate impacts of a changing climate we are experiencing are changes to wild flora and fauna and changes to water supply, distribution and timing. What are some of the most urgent aspects of habitat analysis you feel the USGS should investigate?

ANSWER: One important challenge for the climate science community is linking global-toregional climate data to on-the-ground phenomena. Research on impacts needs to incorporate future change from land-use, biofuel development, urbanization, and other key drivers of change. Researchers and resource managers alike can benefit from improved information quantifying changes to habitat distribution and condition. Areas of particular importance include the development and acquisition of consistent national maps and tools that quantify vegetation, fuels, ground and surface water, and coastal elevation. Improved understanding is needed in areas of permafrost mapping and monitoring, shoreline change and sea-level change, impact of invasive species, monitoring and analysis of high-elevation and cold-dependent fish and wildlife, and new techniques for determining seasonal changes in vegetation patterns.

Moran Q34: Since water is so essential to life, industry and agriculture, how is the changing climate impacting water availability? How is the USGS coordinating its long-standing stream gage programs, ground water research, and water quality investigations with the new WaterSmart initiative and other ongoing climate change science and monitoring?

ANSWER: Climate change is affecting seasonal snowmelt runoff, precipitation patterns and evaporation rates, which affect the abundance and quality of surface water and ground water recharge. In the U.S. West and Northeast, the USGS has observed earlier peaks in streamflow associated with earlier snowmelt, coupled with a decline in the proportion of precipitation falling as snow and an overall decline in snow water equivalent. For most of the United States, the USGS is seeing an increase in water temperature of lakes and streams (heightening concern for trout, salmon and other fish species), a decrease in lake ice cover, and an increase in total annual precipitation and the intensity of precipitation events. These trends are expected to continue. An exception is the Southwest, where precipitation is expected to decrease 20-40 percent over the coming decades.

Coordination of USGS activities is achieved by making data widely accessible, internally and externally, in national databases, such as the National Water Information System (NWIS). The USGS also ensures coordinated, complementary activities by integrating monitoring activities with assessment and interpretative research activities to fully understand why certain data is collected and how it is collected. The data that the USGS collects and compiles in national databases typically allow USGS scientists to address both immediate local issues and longer-term larger scale concerns. For example, streamgage monitoring warns downstream communities of impending flood crests. In the longer term and on the larger scale, USGS streamflow and groundwater data have been used to document decadal cycles of droughts and wetness, at both regional and national scales, and have also been used to test the land-hydrology modules of climate global circulation models. This is important because it helps water resource managers better understand and address variations in water availability, such as the recent multi-year declines in Lake Powell and in the Colorado River system, or the recent declines in Lake Lanier, near Atlanta, and the drought in the Southeast.

The USGS ensures coordinated and complementary activities through interdisciplinary collaborations, particularly in making assessments and in conducting interpretive research based on USGS monitoring data. USGS biologists have worked closely with USGS hydrologists and USGS geographic information systems and remote sensing specialists to understand how the pine mortality (and consequently, the increased risk or frequency of fires) from the Pine Beetle across the West from New Mexico to British Columbia is correlated with drought stress, warming temperatures, and other factors. Drought stress has emerged as a primary factor in these studies. More broadly, the USGS is studying water availability as it relates to direct human use (e.g., drinking water availability, availability of water for power plant cooling, etc.) and ecosystem services and ecological health (e.g., nutrient and contaminant removal, salmon fisheries, recreational use, navigation and transport, etc.) in the face of climate change and land-use change.

Administrative Cost Savings of \$11.8 million

Moran Q35: Your budget is like the others in the Department with respect to taking large decreases for management efficiencies. Please explain the planning procedures the Survey has gone through to locate and determine these potential savings. Please tell the Committee if you have proposed similar savings in the past, and if so, please provide documentation for what actual savings have been realized and contrast that with the savings that had been previously proposed.

ANSWER: The \$11.8 million in administrative savings proposed in 2012 will result in efficiencies in travel, transportation of things, supplies, advisory services, and printing. The savings were determined proportionally to the expenditures by the USGS programs in these areas. Another \$4.5 million in efficiencies is proposed in Rental Payments and Operations and Maintenance of Facilities. These efficiencies target reductions to leased space. In addition, there are other DOI-wide savings of \$11.6 million proposed in 2011 in travel, IT services, and acquisition.

Facilities Maintenance Reduction of \$5.6 million

Moran Q36: The budget request also has a reduction of \$5.6 million, almost 6 %, for maintenance needs of your facilities and labs. Can you please explain how you came up with this value and what the impacts will be on your infrastructure if this reduction, or worse, is enacted?

ANSWER: The USGS plans to reduce rental payments to GSA through improvements and consolidations at major centers in Reston, VA; Denver, CO; and Menlo Park, CA. This reduction will be a component of a larger strategic plan to evaluate the best locations for USGS facilities across the nation. Some of these reductions may require upfront investments, potentially offset through operations and maintenance funding at owned facilities.

Moran Q37: How many facilities, labs, and other items does the USGS support with the maintenance funding it receives?

ANSWER: The USGS supports 567 buildings with the Rental Payments and Operations and Maintenance subactivity. Approximately 180 USGS-occupied buildings (or one third) have laboratory space in them. The USGS owns and maintains approximately 275 real property structures, such as research ponds, raceways, lagoons, wells, and water towers. The USGS also maintains approximately 2,200 acres of land on which owned facilities are located.

Great Lakes Restoration and Ecosystem Restoration

We understand that the USGS has been an important partner in the Great Lakes Restoration Initiative.

Moran Q38: Can you please summarize the funding and projects the USGS received in FY 2010 and summarize what is expected in fiscal year 2012?

ANSWER: The Great Lakes Restoration Initiative (GLRI) was initiated in 2009 with \$475.0 million allocated to protect, restore and maintain the Great Lakes ecosystem. The EPA is responsible for administering GLRI funding and is coordinating the interagency initiative (through the Great Lakes Interagency Task Force) in collaboration with 15 Federal agencies. A GLRI Action Plan has been developed that guides the restoration effort, and identifies goals, objectives, measurable ecological targets, and specific actions for Great Lakes restoration.

The USGS received over \$23.0 million in GLRI funding from EPA for projects in 2010 to provide science management tools and information for restoration. USGS also received \$15.8 million in direct appropriations for research related to the Great Lake Restoration Initiative, and is requesting \$19.3 million in 2012 to expand on this project.

All of the projects conducted by USGS are designed to provide information to answer key management questions to contribute to Great Lakes restoration. The USGS is strategically positioned to conduct science needed for Great Lakes restoration with biological research stations throughout the basin, water science centers in each of the Great Lakes States, large research vessels

on each of the lakes, and expertise in coastal geology and geospatial technology. The USGS also maintains a number of long-term monitoring datasets and programs that are crucial for monitoring biological, hydrological, chemical, and land use changes within the Great Lakes and for predicting future system changes related to global climate change or other factors. Some of the research projects initiated in 2010 and currently being conducted include:

- Developing chemical tools to control aquatic invasive species, specifically Asian carp;
- · Determining baselines and sources of toxic contaminant loading;
- Evaluating birds as indicators of contaminant exposure in the Great Lakes;
- Developing innovative control strategies for phragmites and forecasting invasion corridors;
- · Determining fish habitat enhancement strategies for the Huron-Erie corridor;
- · Developing new strategies for restoring coastal wetland function;
- Evaluating avian botulism in distressed Great Lakes environments;
- · Ecological flow modeling from watersheds to Great Lakes;
- Developing forecast/nowcast for Great Lakes nutrient and sediment loadings;
- Forecasting ecological responses to future environmental changes;
- Evaluating contaminant loading and mercury cycling; and
- · Research to support Great Lakes beach recreational water quality decision making.

Moran Q39: What is in the USGS budget for Great Lakes activities?

ANSWER: USGS funding for the Great Lakes includes \$19.3 million in the 2012 request. In addition to the USGS funding above, the USGS has requested \$10.0 million from EPA for the Great Lakes Restoration Initiative in 2012.

Asian Carp

There is great fear that several species of Asian carp are invading more and more American rivers and lakes, and it is possible that they may get into the Great Lakes.

Moran Q40: How bad is this situation, and what is the role of the USGS in research on these invasive Asian carp?

ANSWER: Bighead and silver carps began being collected from the inland waters of the United States soon after their importation into the country from China in the 1970s by commercial fish hatcheries in 1973 to improve water quality of aquaculture ponds (initially in Arkansas). Both species of fish are now found throughout much of the Mississippi River Basin. In areas where they are well established, bighead and silver carps are abundant and have interfered with commercial fishing operations. Their presence has reduced zooplankton abundance, affecting native fish communities. Bighead and silver carps have moved up the Illinois River and are now poised to enter

the Great Lakes. The unique nature of the Great Lakes ecosystem makes it difficult to predict whether they could become established, but there is concern that if they do, they would have significant ecological impacts and negatively affect the \$7.0 billion annual fishery in the Great Lakes.

The USGS has conducted research on Asian carps for over a decade. Early research focused on understanding distribution, abundance, and habitat use of these fishes along with collecting information on their biology and life history from around the globe. Continuously updated data for bighead and silver carps, along with other aquatic invasive species, is widely distributed. Current USGS research on Asian carps in riverine ecosystems focuses on food web effects and factors required for successful spawning and early development. The USGS has a number of on-going research projects outlined in the Asian Carp Control Strategy Framework, funded through the Great Lakes Restoration Initiative, that examine aspects of risk to the Great Lakes from Asian carps in the Chicago Area Waterways System, as well as several that develop and test new technologies to reduce the abundance and distribution of Asian carps.

National Minerals Information Center (NMIC)

The proposed FY 2012 budget includes a 17% cut (\$2.7 million) in current dollars to the NMIC. This would be done by eliminating NMIC's international information and analysis function. I am extremely concerned that without international data, NMIC's ability to meet its core mission—to collect, report, and analyze data on the supply of nonfuel minerals critical to the Country's economic and defense needs—would be unalterably crippled. I would remind you that the U.S. import dependence for most strategic and critical nonfuel minerals and metals exceeds 75%, which is greater than the Nation's dependence on foreign oil. In 2010, U.S. import reliance was more than 50% for 44 minerals critical to national security and the U.S. economy. Of those, the import reliance was 100% for 18 minerals. Prior Congresses (2004, 2005, 2006, 2007, 2008, & 2009) have strongly rejected repeated attempts to cut NMIC's and the rest of the Mineral Resources Program budget.

Moran Q41: With such a cut in services and considering the Nation's high-level of mineral import dependence, how do you expect your agency, via NMIC, to fulfill its Congressional mandate for assuring there is an adequate and dependable supply of mineral materials for national defense, as established by the Defense Production Act of 1950, as amended (1980 & 1992)?

ANSWER: The research and assessment function of the USGS Mineral Resources Program conducts the science to estimate quantities, qualities, and areas of undiscovered mineral resources. The NMIC compiles data and disseminates information on the amount, production, and consumption of currently identified resources. The funding will allow for collection, analysis, and publication of domestic mineral resources data and information, as this is identified as a high priority.

It is my understanding that the USGS has been reorganized along thematic areas (Ecosystems; Climate and Land Use Change; Energy and Minerals, and Environmental Health; Natural Hazards, etc.) and that a regional layer of management was eliminated to flatten the organization for easier communications between field offices and headquarters, as well as to centralize area administrative services. The Associate Directors are largely responsible for translating the thematic programs into

interdisciplinary projects managed at an area level by Regional Executives. NMIC is now located programmatically under the Associate Director for Energy and Minerals, and Environmental Health, and managed by the Northeast Area Regional Executive, but NMIC's mineral materials availability assessments for the United States are necessarily done on a national and global basis, with few interdisciplinary ties specific to the Northeast Area.

Moran Q42: Can you tell me how such an organizational structure benefits NMIC, the USGS, and the Nation?

ANSWER: The USGS has realigned its management and budget structure to further enhance the work of its science programs and their interdisciplinary focus areas related to the USGS Science Strategy. Each of the six mission areas identified in the Science Strategy offers extensive opportunities for multidisciplinary involvement in and contributions to the development of solutions to pressing societal issues. In the realignment, the USGS amended or removed administrative, managerial, and operational barriers that inhibited the pursuit of joint scientific endeavors across artificial boundaries based on discipline and geographic region. By replacing discipline and regional structures, the USGS can now achieve an organization that is focused on realizing the goals and priorities of its Science Strategy, and in which collaboration across discipline and geographic boundaries is encouraged, enhanced, and rewarded. NMIC's prominent position within the realigned organization was noted when its name was changed from the Minerals Information Team to the National Minerals Information Center in 2010, highlighting the national scope of its work.

Moran Q43: Wouldn't we all be better served with NMIC resources spent on NMIC issues rather than on sub-regional programming initiatives?

ANSWER: The Mineral Resources Program provides funding to NMIC to carry out its mandated mission. Like all Science Centers in the USGS a small portion of allocated funds are designated for administrative support. None of the funding provided for NMIC activities is diverted to fund subregional programming initiatives. NMIC is the only group within the Federal government that provides comprehensive nonfuel mineral analyses for the nation. NMIC's mission requires quick turnaround, high-volume data gathering, analysis, and dissemination, rather than long-term, project-oriented, fundamental scientific studies that are characteristic of most USGS programs.

Moran Q44: I'm curious as to why you think NMIC doesn't deserve a similar percent increase in funding as EIA does?

ANSWER: Ideally, all valuable programs would receive much more funding; however, in formulating a budget, funding is allocated to the highest priorities within a total funding target.

Moran Q45: How do you expect NMIC to continue to meet its core mission, as well as expand its capabilities to better assess downstream mineral material consumption, supply chains, and substitutability, without adequate financial and organizational support?

ANSWER: In 2012, the NMIC will focus on domestic minerals information and will not be able to expand capabilities. The USGS Mineral Resources Program (MRP) continues to provide the nation

with the information needed to make informed decisions regarding nonfuel mineral resource production, consumption and mineral supply sustainability. Budget reductions will ensure that only the highest priority activities, in both the research and assessment and minerals information (NMIC) functions continue.

Questions for the Record from Ms. McCollum

McCollum Q1: What is the justification for the USGS decision to end funding for the Water Resources Research Institutes and does the USGS expect the Institutes will maintain their current level of productivity without any USGS – or other federal - funding? This is the only federally mandated research network that is dedicated to applied water resources research, education, training and outreach.

ANSWER: The USGS proposes to end funding for the Water Resources Research Institute in order to provide funding for higher priority activities. The loss of Federal funds and required matching funds would result in the loss of support for over 250 water research and information transfer projects, which also provide training and support for over 500 undergraduate and graduate students.

McCollum Q2: The GAO put out a study showing 36 states are at risk of water shortages within the next 10 years. If the Water Resources Research Institutes are forced to reduce their level of service or completely close, where can states turn to receive a comparable level of technical assistance?

ANSWER: Though Federal support for the Water Resources Research Institutes would no longer exist, most of their faculty and staff would continue to be employed by the Land Grant universities at which the Institutes are located and would be available to provide technical assistance in their States.

McCollum Q3: If we're going to prepare for a future where water shortages loom thanks to climate change, population increases, and land use changes, we need to have adequate mapping of our water resources. Why have you reduced funding for the National Cooperative Geologic Mapping Program and eliminated funding for the National Geological and Geophysical Data Preservation Program?

ANSWER: The National Cooperative Geologic Mapping Program (NCGMP) is foundational to sustainable management of water resources across the country. For this reason NCGMP is a component of the WaterSMART initiative in the President's Budget for 2012. The reduction to NCGMP will curtail funding for projects similar to one that produced critical information to water managers in New Mexico in which geologic mapping of the Albuquerque and Santa Fe subsurface showed that the extent of groundwater aquifers was considerably smaller than previously believed. This discovery led State and municipal water managers to alter their water management plans to protect the resource.

Eliminating funding for the National Geological and Geophysical Data Preservation Program will eliminate support for and collaboration with State geological surveys and DOI bureaus to inventory and preserve physical geoscience collections (e.g., core, fossils, fluid samples) and derived and indirect data (e.g., geochemical and geophysical data, maps, field notebooks). Preserving these data allows them to be analyzed and studied again and again to assess earthquake and other geologic hazards, identify important earth resources, and address climate and environmental concerns. The National Digital Catalog which makes it possible to find, get, and use preserved geoscience data comprising about 750 collections representing 1,229,439 geoscience data points provided by 44 States, will no longer be supported.

These reductions were necessary to meet budget targets amid an austere budget climate.

McCollum Q4: How can states prepare for the future without support from USGS on these critical mapping projects?

ANSWER: States depend on funding from the NCGMP for critical natural resource delineation, urban planning, and environmental protection to name a few. State partners match the funding they receive from the USGS 1:1. The reduction will curtail 18 State projects at a time when State legislatures are striving to balance their budgets. The loss in Federal-State leveraged funds and declining State budgets will impair State geologic surveys' ability to provide needed information to their constituents. However, USGS will continue to support State efforts with the balance of funds remaining in the core and grant components of NCGMP.

McCollum Q5: Will some of the proposed increase in funding for the WaterSMART program be used for these efforts?

ANSWER: Of the requested funds for WaterSMART one small component will be used to fund National Cooperative Geologic Mapping program.

McCollum Q6: Why has the Administration not requested any funding for the National Ground Water Monitoring Network since the SECURE Act's passage?

ANSWER: Basic data are important building blocks to construct the foundation necessary to understand current and future water supply needs. Although no new funds are requested in 2012 for the proposed national groundwater monitoring network, some water-level and water-quality data will be collected through USGS programs such as the Cooperative Water Program and the Groundwater Resources Program (GWRP). The GWRP will continue to support a minimal national groundwater-level network. Funding reductions in 2012 will result in delayed implementation of the national groundwater monitoring network as authorized by the SECURE Water Act.

BUREAU OF OCEAN ENERGY MANAGEMENT, REGULA-TION, AND ENFORCEMENT (BOEMRE) AND OFFICE OF NATURAL RESOURCES REVENUE (ONRR) FY 2012 BUDGET REQUESTS

WITNESSES

MICHAEL BROMWICH, DIRECTOR, BUREAU OF OCEAN ENERGY MANAGEMENT, REGULATION, AND ENFORCEMENT,

GREGORY GOULD, DIRECTOR, OFFICE OF NATURAL RESOURCES REVENUE

DEBORAH GIBBS TSCHUDY, DEPUTY DIRECTOR, OFFICE OF NATURAL RESOURCES REVENUE

OPENING REMARKS OF CHAIRMAN SIMPSON

Mr. SIMPSON. The committee will come to order. Today we meet to discuss the fiscal year 2012 budget for the Bureau of Ocean Energy Management, Regulation, and Enforcement and the Office of Natural Resources Revenue.

The transition of the MMS has been a large and expensive but also a necessary undertaking. In light of the numerous problems MMS had with the royalties and last summer's BP Deepwater Horizon oil spill, I supported funding increases to better manage our offshore mineral resources and federal royalties. There is no doubt that we need to improve workplace safety, drilling safety, and royalty collection and accountability. It will take a larger staff and more resources to do this.

At the same time there will be no blank check coming from this subcommittee. We expect results from appropriated dollars and will continue to rigorously conduct oversight at BOEMRE and ONRR. Did I say those right?

Mr. Bromwich. Perfect.

Mr. SIMPSON. Recently two permits have been issued for offshore drilling. I understand that it may take some time after the tragedy last summer to review and revise the agency's procedures and actions, but it has been almost a year. Since then oil prices have increased dramatically, and people in the Gulf have been without good-paying jobs in a terrible recession. Purchasing leases and scheduling crews and rigs for development of offshore is no easy task and requires a great deal of investment.

Worse, because of recent policies many of the jobs that should have been American have been exported to foreign countries. There needs to be a balance, and all of these issues need to be considered. Two permits in almost one year is not, frankly, going to cut it.

The fiscal year 2012 budget asks for increases in several areas, many of which I agree. You ask for additional inspectors. Clearly you need them, and we support this request, but we also need to

ensure that we have adequate staff for environmental reviews and permitting. We need certainty that the funding we provide results in inspections, appropriate environmental analysis, and permits issued.

I commend you for doing this in the renewable energy category but urge you to also do this in the conventional energy category. As has been discussed in our GAO and IG hearings several weeks ago, I am very concerned about royalty collections and accountability. I applaud the efforts of this budget to ask for the funding necessary to drastically improve this program. We will be asking for progress updates and how appropriated dollars are being spent on this important issue.

Finally, I want to thank you for being here today. This reorganization has been no easy task, and I look forward to working with you on many of these issues, and thank you and your staff for their

hard work and assistance.

And before I yield to Mr. Moran for his opening statement I would like to take just a moment to thank Chris Topik who is here with us today. This is going to be his last hearing after many years of service to the Interior Subcommittee. Chris came to the Interior Subcommittee on Appropriations as a detailee from the Forest Service in the mid 1990s, and since that time he has worked on a non-partisan basis to address many of the most critical issues facing our land management agencies.

Chris is one of the most knowledgeable, professional, and widelyrespected individuals on the Appropriations Committee staff, and he will be greatly missed. Chris, we appreciate your dedication and commitment over the many years of public service and wish you all the best in your new endeavors, and I look forward to working with

you in whatever they are.

Mr. SIMPSON. And I yield to Mr. Moran for any opening statement he might have.

OPENING REMARKS OF RANKING MEMBER, JAMES P. MORAN

Mr. MORAN. Thank you very much, Mr. Chairman, and thank you for recognizing Chris. He has just been a tremendous asset for all of us. I think everyone knows that, and you know, I know you share my feeling as does Mr. Hinchey that, you know, so much of our success or failure rests on the backs of the staff that do so much of the work, and Chris does wonderful work. He is also invariably the source of the quotes that we are going to miss, but he has been wonderful. He is going to go to the Nature Conservancy. He eventually wants to make his way back out west. He loves those states like Idaho and California and Montana, but he is a wonderful person, and we will miss him greatly, and I know the agencies that we deal with will miss him as well.

I will begin with some other comments with regard to this new organization, and Mr. Bromwich, thank you for taking it over. You have a very strong reputation for integrity and work ethic and a real commitment to seeing that things are done right, so I think that is a real stroke of good fortune that we have been able to have you take this over, what is really an awesome responsibility.

Mr. Gould, thank you, and all of the staff that supports your

work.

Almost a year ago, 11 months ago, April 20, news of that explosion on Transocean's Deepwater Horizon drilling rig broke and took the lives of 11 crew members. We all watched as one attempt after

another failed to cap that spewing well.

Between the explosion and the completion of the capping operation on August 2, almost five million barrels of oil spewed into the Gulf of Mexico, much more than had originally been suggested by BP and others. I mean, it was over 200 million gallons a day

emptying into the Gulf.

Now, needless to say, it has been a very tumultuous year for regulating offshore oil and gas drilling as the Chairman has said. The Interior Department had to restructure this bureaucracy that operated with what appeared to be some inherent conflicts of interest with the culture that many believed was just too subservient to the oil and gas industry.

The new Bureau of Ocean Energy Management, Regulation, and Enforcement has had a challenging tenure, trying to ensure that another Gulf disaster does not occur, while, of course, being attacked by oil and gas interests in Congress. And those who represent those interests and the people whose jobs are dependent upon that industry are naturally speaking out, wanting those jobs to be restored.

But I do not think, and I want to make this case, that I do not think that this is why we have rising gasoline prices. As we all know, the price of gasoline is set in the international market, and our net production, even with deep water drilling, opening up our conservation areas in Alaska and the Atlantic and Pacific coast would have no immediate impact on world oil prices and a minimal impact over the next decade.

The Deepwater Horizon blowout proves beyond a doubt that there are inherent risks to drilling offshore, and it really undermines the drill, baby, drill mantra that we have heard from some. Drilling at all costs to satisfy this Nation's rapacious energy needs is both reckless and costly. When you think that we are using up more energy than China and Japan combined, 25 percent of the world's energy for just $4\frac{1}{2}$ percent of the world's population. That

puts it in context.

The truth is that we will never achieve energy independence by drilling for more oil within the United States. Under the friendliest, most pro-oil industry Administration, and I think that, you know, most would acknowledge that, that both President Bush and Vice-President Cheney were really part of the industry before getting into politics. But during their Administration U.S. oil production declined between 2001, and 2008, and that is with generous

tax subsidies and lax regulation.

In 2001, the U.S. produced 2,118,000,000 barrels a year. In 2008, we produced 1,812,000,000 barrels a year. So it actually declined, and ironically during the Obama Administration's first year, I know some people would think this was ironic, we saw domestic production actually increase to 1,957,000,000 barrels of oil per year. So, you know, about 2 billion barrels a year. We are back up to where we were in 2001. Average monthly production, which did decline during the temporary moratorium and issuing new deep water drilling permits was 174,344 million barrels for December.

That is the latest date that we can find. During the last month of the Bush Administration domestic production average was 156,751 million brands.

So, you know, there is a difference of 20,000 barrels roughly that we are producing over and above what we were doing the last month of the Bush Administration. I say that, not so much Mr. Simpson, but there have been a number of people, colleagues, who are putting forward a point of view that I do not think is supported by the facts. We are less than 5 percent of the world's population, as I say, consuming 25 percent of the world's oil. There is no way we can drill ourselves towards energy independence or lower pump prices.

Given the overwhelming scientific consensus that fossil fuel combustion is damaging our environment and damaging the economic prospects of future generations, there is a legitimate interest in carling what really has to be seen as a profligate use of fossil fuels.

We are not going to settle this debate today or in this hearing, but the ghost of Deepwater Horizon should chasten those who now

call for relaxing the permitting and inspection process.

So, Mr. Bromwich, you are a former federal prosecutor and associate counsel in the Office of Independent Counsel for Iran Contra. You have got a great background. You always come through when you were needed. You are needed now because we need a tough and thorough prosecutor of this issue, and I know you will be that. So thank you for being here as a witness.

Thank you, Mr. Chairman.

Mr. SIMPSON. Thank you. Mr. Bromwich.

OPENING REMARKS OF DIRECTOR MICHAEL BROMWICH

Mr. Bromwich. Thank you very much, Mr. Chairman, Mr. Moran, and members of the subcommittee. I appreciate this opportunity to testify today on the fiscal year 2012 budget request for the Bureau of Ocean Energy Management, Regulation, and Enforcement.

This budget request supports the President's commitment to implement the most aggressive and comprehensive reforms of offshore oil and gas regulation and oversight in U.S. history. Our fiscal year 2012 request is \$358.4 million, an increase of \$119.3 million over the fiscal year 2010 enacted budget, after adjusting for funds transferred to the Office of the Secretary as part of the ongoing reorganization of the former MMS.

This request is offset by \$151.6 million in eligible OCS rental receipts, \$8.6 million in cost recovery fees, and \$65 million in inspec-

tion fees, resulting in a net request of \$133.2 million.

These additional resources are essential to carry out our important and diverse mission. As Mr. Moran has said and as Chairman Simpson has said, on April 20, 2010, explosions rocked the Deepwater Horizon drilling rig, leading to the sinking of the rig, the tragic deaths of 11 workers, serious injuries to many others, and the release over the course of almost 3 months of nearly five million barrels of oil into the Gulf of Mexico. As you know, it was the largest oil spill ever in American waters.

The Deepwater Horizon blowout and spill brought to light serious deficiencies in the regulatory framework for offshore drilling.

Over the past several months we at BOEMRE have worked hard to address these deficiencies and to restore public confidence in off-

shore oil and gas drilling.

Our ongoing reorganization and reform efforts are informed by the results of multiple investigations and reviews, including inquiries conducted by the Department of Interior Safety Oversight Board appointed by Secretary Salazar, the Presidential National Commission on the BP Deepwater Horizon oil spill, the National Academy of Engineering, and the DOI Office of Inspector General.

Consistent with the findings of the Safety Oversight Board and the DOI OIG, the President's Commission concluded that there were profound weaknesses in the regulation and oversight of offshore drilling, stemming largely from conflicting missions, a lack of authority, a lack of resources, and insufficient technical expertise.

The reorganization and related reforms that would be funded by this fiscal year 2012 request are intended to address these shortfalls, while at the same time allowing for continuity of operations

and ongoing exploration and production.

The centerpiece of the reorganization is the creation of three strong independent entities to carry out the missions of promoting energy development, regulating offshore drilling, and collecting revenues. In the past these three conflicting functions resided within the same bureau, MMS, creating the potential for internal conflicts of interest.

This reorganization process began on May 19, 2010, when Secretary Salazar signed Executive Order 3299, which dissolved the MMS and called for the establishment of three new entities consisting of, number one, the Bureau of Ocean Energy Management, which will be known as BOEM; the Bureau of Safety and Environmental Enforcement, which will be known as BSEE; and the Office of Natural Resources Revenue, which is known as ONRR.

Now, the new BOEM will be responsible for managing development of the Nation's offshore resources in an environmentally and economically responsible way. Its functions and responsibilities will include leasing, plant administration, environmental studies, NEPA, or National Environmental Policy Act, analysis, resource evaluation, economic analysis, and the Renewable Energy Program.

The new BSEE will enforce safety and environmental regulations. Its functions and responsibilities will include permitting, inspections, offshore regulatory programs, and oil spill response, as well as newly-formed training and environmental compliance functions.

As you know, ONRR, which was the revenue collection arm of the former MMS, has already become a separate entity within the Office of the Secretary.

The fiscal year 2012 budget request supports the effective reform and reorganization of BOEMRE and consists of a number of critical investments, which are detailed in my lengthier statement. These include, just to touch on the highlights, first, an increase in inspection capability that will enable us to conduct additional inspections and oversee high-risk activities. This part of the request will allow the development of a sufficiently-staffed inspection program that will enable offshore oil and gas exploration and production to continue while protecting the environment and improving worker safe-

ty. BOEMRE has begun to increase this capability with funds provided in the fiscal year 2011 continuing resolutions.

Second, in investment and permitting resources, to sustain increased oversight and efficient review and processing of various kinds, including development activities such as permit processing

and approval.

These are simply two of a large number of areas in which capacity needs to be dramatically improved and enlarged. Other areas include an expansion of NEPA and environmental studies staff, funding for environmental compliance and investment in engineering studies and an increase in oil spill research.

As I have discussed and as you have from others, the Deepwater Horizon tragedy exposed significant weaknesses in the way this agency has historically done business. A consensus has formed around the bottom-line conclusion that this agency historically had insufficient resources to provide an appropriate level of regulatory

oversight of offshore oil and gas development.

These shortcomings have become more pronounced as operations have moved into deeper and deeper waters. We believe the substantial budget increase contained within the President's fiscal year 2012 budget request is an extremely important step towards bridging the gap between the resources the agency currently has and the resources it needs to properly discharge its important responsibilities.

Mr. Chairman, Mr. Moran, other members, this concludes my statement. I would be happy to answer any questions you may

have.

[The statement of Michael Bromwich follows:]

STATEMENT OF MICHEAL R. BROMWICH DIRECTOR, BUREAU OF OCEAN ENERGY MANAGEMENT, REGULATION AND ENFORCEMENT UNITED STATES DEPARTMENT OF THE INTERIOR

COMMITTEE ON APPRORPIATIONS SUBCOMMITTEE ON INTERIOR, ENVIRONMENT AND RELATED AGENCIES HOUSE OF REPRESENTATIVES

March 17, 2011

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to appear here today to discuss the President's Fiscal Year (FY) 2012 Budget request for the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) in the Department of the Interior (DOI).

As the 112th United States Congress begins its work, I want to discuss a set of issues that we are addressing at the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE). Over the past nine months, we have been implementing a number of far-reaching reforms to strengthen the regulation of offshore oil and gas drilling and strike the appropriate balance between resource development and regulatory oversight. I thought it might be useful to describe some of the initiatives we have pursued during this period and focus on some of the issues we have been addressing.

My staff and I have been aggressively pursuing reforms that directly relate to many of the drilling safety, environmental protection, and regulatory oversight issues recently identified in the final report of the National Commission on the BP *Deepwater Horizon* Oil Spill and Offshore Drilling (Commission). We have been moving forward with the fundamental reforms and new regulatory measures necessary to improve the safety of offshore drilling, as well as enhance protection of the ocean and coastal environments. At the same time, we are working every day to allow safe drilling and production operations in the Gulf of Mexico to continue in order to keep production flowing and people working in an industry that is crucial to our nation's economy and energy independence.

The challenges presented by offshore oil and gas development – for both industry and government – are substantial, and so are the changes that are necessary. These changes include the reorganization of the former Minerals Management Service (MMS) to provide clarity of mission and to strengthen oversight. We also have established heightened standards for drilling practices, safety equipment, and environmental safeguards. These new rules set forth prescriptive standards that industry must meet, establish, for the first time in the history of the U.S. offshore regulatory system, performance-based standards focused on identifying, and establish barriers against, specific risks associated with offshore drilling operations.

These reforms are substantial, and much work is being done to ensure that the change we are seeking to implement is both lasting and effective. Our ultimate goal is to promote a culture of safety within industry and to serve as aggressive but reasonable regulators who have the tools and expertise necessary to do the job. The reforms that we are pursuing are necessary to allow government oversight and safety measures to keep pace with the challenges and risks of offshore drilling, particularly as those operations push into deeper water and new frontiers, such as the Arctic, and face increased technical challenges.

I would like to briefly summarize the changes that we have made since the *Deepwater Horizon* explosion and resulting oil spill – and that we are continuing to implement. I will also describe the work we are doing to ensure that safe and environmentally responsible offshore drilling operations, in both shallow and deep water, can proceed.

Reform of Offshore Oil and Gas Regulation

Reorganization of the Former Minerals Management Service

As we announced in January, we are continuing to move forward with the fundamental reorganization and reform of the former MMS. In the place of MMS, we are establishing three strong, independent agencies, each possessing clearly defined roles and missions. As became clear immediately after Deepwater Horizon and as discussed in the Commission's Report, MMS - with its conflicting missions of simultaneously promoting resource development, enforcing safety regulations, and maximizing revenues from offshore operations, and due to a chronic lack of resources - could not keep pace with the challenges of overseeing industry operating in U.S. waters. The reorganization of the former MMS is designed to remove those conflicts by segregating missions across three new agencies and providing each of the new agencies with the clarity of mission and new resources necessary to fulfill its regulatory responsibilities. We are designing and implementing these organizational changes while respecting the crucial need for information-sharing and the other links among the functions of the former MMS. Recognizing and addressing these operational issues is essential to ensuring that the regulatory processes related to offshore leasing, plan approval, and permitting do not come to a grinding halt.

The first step of the reorganization was completed on October 1 of last year, when the revenue collection arm of the former MMS was moved to the Office of the Secretary, with reporting responsibilities and a chain of command completely separate and distinct from the offshore regulator. The establishment of this new agency – the Office of Natural Resource Revenue (ONRR) – was a crucial first step that addressed one of the fundamental conflicts – between revenue collection and the offshore regulator's resource development and safety responsibilities – that plagued the former MMS.

By the end of the current fiscal year, we intend to complete the separation of the former MMS resource management and leasing functions from the safety and environmental enforcement functions. This change is designed to address the remaining fundamental conflict that existed within the former MMS – between the promotion of offshore energy development through leasing and plan approval decisions and the responsibility for ensuring that offshore operations are conducted safely and with appropriate protection for the environment. We believe that the separation of these missions is essential to reforming the government's oversight of energy development in the nation's offshore areas. These two new agencies that we have announced are the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE).

BOEM will be responsible for promoting and managing the development of the nation's offshore resources, including oil, gas, and renewable resources. This mission involves ensuring that the nation's offshore energy resources are developed wisely, economically and with appropriate protections for the environment. The structure that we have developed and that we are implementing ensures that effective reviews of the environmental impacts of proposed projects are closely analyzed and well-understood; that these impacts are given appropriate weight during decision-making related to resource management; and that the appropriate balance is struck. These processes must be both rigorous and efficient so that operations can go forward in a timely way and with confidence that appropriate steps to mitigate potential environmental effects are taken. Within BOEM, we are creating the senior position of Chief Environmental Officer, who will be responsible for ensuring that environmental concerns are appropriately balanced in leasing and planning decisions and for coordinating and promoting scientific research that facilitates sound stewardship of our marine environments.

By establishing BSEE as the offshore safety agency, we are separating resource management from safety oversight. This will provide the engineers who review permit applications and the inspectors who ensure compliance with our workplace and drilling safety regulations with greater independence, more budgetary autonomy, and clearer focus. The mission of BSEE will be to enforce safety and environmental regulations independently and rigorously. Our goal is to create a tough-minded, but fair, regulator that can effectively keep pace with the risks of offshore drilling and promote the development of a safety culture in offshore operators. We are working now to establish within BSEE a new environmental compliance and enforcement function, which never existed as an explicit program in the former MMS. Through BSEE, we also will establish the review and enforcement of oil spill response plans as an area of national-level focus and oversight in order to foster better coordination with other federal agencies involved in oil spill response.

The structure and functions of BOEM and BSEE are the result of a thorough and rigorous analysis undertaken deliberately but efficiently over the past several months. We undertook the process in this way to ensure that we address the structural and conflict of interest problems that existed in the former MMS and to plan for the orderly establishment of the new agencies. We have worked with and received advice from

leading experts in government transformations. We have also examined closely the offshore regulatory regimes of other nations, including those of the United Kingdom and Norway. In considering various options and making these key structural and organizational decisions, we have sought and received the advice and guidance of BOEMRE career personnel. We have discussed the reorganization with employees throughout BOEMRE and received their input; we collected and analyzed data relating to the Bureau's processes, systems and regulatory metrics; and we developed a number of alternative models and options, which we discussed with BOEMRE career leadership, for restructuring and reforming the Bureau. Finally, we also are considering, and will continue to bear in mind, the recommendations of the President's Commission, which has done its own analysis of these issues and recommends organizations that are in overall general alignment with BOEM and BSEE.

Implementing Reform and Changing Agency Culture and Practices

New structures and clear missions are essential to establishing agencies that will be effective in managing the environmentally-responsible development of the Outer Continental Shelf (OCS) resources and overseeing the safety of offshore operations. But true reform requires a fundamental change in an organization's culture. Therefore, in addition to making structural changes by establishing BOEM and BSEE, we are working to change the way the former MMS does business. I'll describe below several of the changes we already have made.

Last August, I directed BOEMRE personnel in the Gulf of Mexico region to no longer routinely use categorical exclusions under the National Environmental Policy Act (NEPA) to approve new projects in deepwater. Instead, we are conducting site-specific environmental assessments of those exploration and development plans. We are working closely with industry to implement this new policy in a balanced and fair way. We also are in the midst of a comprehensive review of our application of NEPA, including specifically the use of categorical exclusions, and we are working closely with the Council on Environmental Quality (CEQ) on this evaluation.

To address another important issue – real and potential conflicts of interest involving BOEMRE personnel – last year we issued a tough new recusal policy. Employees in our district offices, where our inspections and permitting functions reside, must notify their supervisors about any potential conflict of interest and request to be recused from performing any official duty in which such a potential conflict exists. For example, our inspectors now are required to recuse themselves from performing inspections of the facilities of former employers. Also, our inspectors must report any attempt by industry or by other BOEMRE personnel to inappropriately influence or interfere with their duties. Soon BOEMRE will be issuing a broader version of the policy that applies these ethical standards across the agency. This policy presents operational challenges for some of our district offices in the Gulf region, which are located in small communities where the primary employers are offshore companies. However, the need for tough rules defining the boundaries between regulators and the regulated is both compelling and necessary. These rules are necessary for us to have the confidence we

need to assure the public that our inspections and enforcement programs are effective, aggressive, and independent.

We also have established within BOEMRE a new Investigations and Review Unit (IRU), which is comprised of a team of professionals with investigative and law enforcement backgrounds. The mission of the IRU is to promptly and credibly respond to allegations or evidence of misconduct and unethical behavior by Bureau employees; pursue allegations of misconduct by oil and gas companies involved in offshore energy projects; and, provide the Bureau with the ability to respond swiftly to emerging issues and crises, including significant incidents such as spills and accidents. The IRU took the lead in the report of the BP Atlantis investigation, which was released on March 4. The investigation included interviews of 29 individuals, analysis of more than 3,400 engineering drawings and related documents, and the review of hundreds of additional documents. Based on a thorough review of the evidence, the investigation found the majority of the allegations to be largely unfounded, but did find that there were a number of problems with the way that BP organized, stored, and labeled engineering drawings and documents.

As part of our broad and continuing reform efforts, we have created 11 implementation teams that have been hard at work for several months and are the central organizational focus for our efforts to analyze critical aspects of BOEMRE's structures, functions, processes, policies, and procedures. These teams are important in their own right, but they are also integral to our reorganization efforts. These teams are considering the various recommendations for improvement that we have received from several sources, including the President's Commission, the National Academy of Engineering, the Outer Continental Shelf (OCS) Safety Oversight Board commissioned by Secretary Salazar, and the DOI Inspector General. These teams are laying the foundations for lasting change in the way BOEMRE does business.

The key areas and issues that these teams are working on include:

<u>Permitting</u>. We have a team devoted to reviewing and improving BOEMRE's drilling permit review and approval process, which is central to ensuring that proposed drilling operations will be conducted safely and that permit applications are reviewed in a timely and efficient manner.

Inspections. We have several teams that are focused on various issues associated with developing effective, risk-based approaches to our offshore inspections programs. We also are developing the infrastructure – and recruiting the expert personnel – necessary to conduct real-time monitoring of the highest risk operations, such as deepwater drilling operations. Such monitoring of industry performance during critical phases of drilling operations is a capacity that we feel strongly must be developed, and is consistent with the findings and recommendations of the National Academy of Engineers. We are developing new training programs and curricula for inspectors, supervisory inspectors, and engineers involved in BOEMRE's safety compliance and enforcement programs.

Regulatory Enforcement. We are evaluating the adequacy of the enforcement tools we have employed, including the system for documenting and tracking incidents of non-compliance with prescriptive regulations, the adequacy and use of civil penalties, and the process for evaluating operator qualifications and the system for debarring unsafe operators. We are reviewing potential gaps in our regulations, including a review of the regulatory standards used by other countries, and we are exploring more effective use of civil penalties for violations of BOEMRE's safety and environmental regulations. We believe the current enforcement framework, which limits civil penalties to only \$35,000 per day, per incident, is simply inadequate to deter violations for large operations where an operator may spend \$1 million a day on a given deepwater lease.

<u>Environmental Compliance and Enforcement</u>. We are designing new inspections and enforcement programs relating to environmental compliance, programs that have never previously existed in the agency.

<u>Incident Investigations</u>. We are evaluating and developing investigative procedures relating to specific categories of accidents and incidents, including industrial accidents on rigs and platforms, fires, and oil spills.

Oil Spill Response. We are conducting a comprehensive review of oil spill response and the adequacy of operators' oil spill response plans (OSRPs). This team is working closely with the Coast Guard and other federal agencies to develop enhancements to regulations governing OSRPs and more effective reviews of those plans in light of lessons learned from the *Deepwater Horizon* oil spill response.

<u>Safety and Environmental Management Systems (SEMS).</u> We are designing an oversight and auditing program for operators' compliance with the new requirements of the Workplace Safety rule, which represents a significant advance in the promulgation of performance-based standards for safety and environmental protection.

Finally, changing the culture of the former MMS and establishing BOEM and BSEE as vigorous and effective regulators will require the infusion of new blood into the organizations. Although BOEMRE has many devoted and competent public servants, we recognize that the former MMS lacked expertise in important areas related to safety oversight. Moreover, the sweeping reforms in culture and process that we are pursuing necessitate, almost by definition, new energy, fresh talent, and new ways of thinking. Therefore, we will conduct nationwide searches to identify talented personnel to fill many of the key senior positions in the new BOEM and BSEE. We also are engaged in an aggressive recruitment campaign to hire new engineers, inspectors, scientists and other experts into the Bureau.

All of these measures will help us ensure the rigorous and independent oversight of offshore drilling.

Making Reform Work: The Need for Additional Resources

As described above, we have laid the groundwork for far-reaching organizational change. The success of our reforms now depends in large part on providing the new agencies with the financial resources, tools, training and culture to be effective. Improving the safety of offshore drilling and the effectiveness of government oversight of this inherently risky activity will require a substantial infusion of resources into the offshore regulator.

As detailed in the Commission's Report, MMS never had the resources to provide the rigorous and effective oversight of offshore oil and gas activity that is necessary. This weakness became more significant as industry continued its pursuit of higher-risk projects in deepwater and other frontier areas such as the Arctic. We agree with the Commission's strong recommendation for a substantial increase in the resources devoted to government oversight of offshore activities because an effective regulator is so clearly in the public's – and in industry's – interests.

Industry has expressed its support for providing additional resources to BOEMRE to the House and Senate Appropriations Subcommittees on Interior, Environment, and Related Agencies in a letter, dated November 17, 2010 and signed by the American Petroleum Institute, the American Exploration & Production Council, the International Association of Drilling Contractors, the Independent Petroleum Association of America, the National Ocean Industries Association, and the US Oil and Gas Association.

FY 2012 Budget Request

BOEMRE's FY 2012 request is \$358.4 million, an increase of \$119.3 million over the FY 2010 enacted budget after adjusting for funds transferred to the Office of the Secretary as part of the ongoing reorganization of the former MMS. This request excludes funds requested for the newly established ONRR which are being requested separately within the Office of the Secretary appropriation. The request is offset by \$151.6 million in eligible OCS rental receipts, \$8.6 million in cost recovery fees, and \$65.0 million in inspection fees resulting in a net request of \$133.2 million in appropriated funds. These additional resources are essential to effectively protect our nation's natural resources as well as to address industry's need for an efficient, effective, transparent, and stable regulatory environment.

The budget for the Department includes \$506.3 million for the components of the former Minerals Management Service to continue the reorganization and reform efforts of both offshore energy development activities and mineral revenue management.

Summary of Requested Budget Changes

The Budget proposes the following discretionary funding increases and decreases relative to the 2010 enacted level. A portion of the requested funding (\$10.2 million) for the inspection capability/monitoring initiative was received under the current FY 2011 continuing resolution and was offset by a rescission of prior year BOEMRE balances.

Inspection/Monitoring Capability (+\$44,483,000; +116 FTE): Additional staff are needed to accelerate implementation of the new inspection and oversight regime currently under development. This will require additional personnel with diverse backgrounds to conduct varied types of inspections and oversee high risk activities, including critical drilling activities such as BOP testing and cement/casing activities as drilling operations approach production zones, and emergency shutdown tests on production platforms. BOEMRE is actively evaluating significant process reforms, such as inspecting in teams rather than solo, implementing a stronger risk-based inspection strategy that will require additional oversight on higher risk activities, redesigning training protocols, and incorporating new technologies such as real-time monitoring of key drilling activities. The request includes funding for increased offshore transportation costs. Under the current FY 2011 Continuing Resolution, a net amount of \$10.2 million is available for this purpose, which BOEMRE is using to begin implementation.

Engineering Studies – TA&R (+\$11,360,000; +12 FTE): Deepwater Horizon brought to the forefront the need to raise the level of resources dedicated to the evaluation of current and proposed oil and gas exploration and development technology. Since its inception over three decades ago, the TA&R Program budget has not kept pace with the increased cost of research and demands for TA&R managed research. In its January 2011 report to the President, the Commission identified the need for increased safety and containment research both within industry and the federal government in order to maintain the capability to address emergencies as drilling technology moved operations into deeper waters and further from shore. The Commission's findings were substantiated by testimony by industry and experts from academia who identified the lack of research for the offshore oil and gas sector. The Commission determined that neither government nor industry had invested sufficiently in research, development, and demonstration to improve containment or response technologies. The Commission found funding to be inadequate and stated that "Congress needs to make funding the agencies responsible for regulating the oil and gas development a priority in order to ensure a safer and more environmentally responsible industry in the future" and that the "desire to tap resources in deeper waters should be accompanied by equivalent investments in subsea equipment, operator training, research and development for containment and response technologies.'

In addition to further deepwater research, the Commission recommended "an immediate, comprehensive federal research effort to provide a foundation of scientific information on the Arctic" and that "a comprehensive interagency research program to address oil-spill containment and response issues in the Arctic should be developed, funded, and implemented within the federal government." Although industry has a significant role and responsibility to conduct this research to ensure its operations are safe, BOEMRE (and the future BSEE), as the government safety regulator needs to have sufficient technical capabilities to conduct its own research and verify that the information and research provided by industry is accurate.

Examples of near-term deepwater safety and containment research by the TA&R Program include assessment of subsurface blow-out preventer design, performance,

maintenance, and inspection; well cementing, barrier, and containment practices and procedures; remotely operated vehicle intervention and capabilities; and wild well control technology. The TA&R Program will continue to transfer research results to rule writers, investigators, plan reviewers, and others that need this information to improve the safety of offshore operations.

Oil Spill Research (+\$8,620,000; +4 FTE): Increased funding for the Oil Spill Research Program is needed to address several key knowledge gaps brought to light by the Deepwater Horizon oil spill. The program leverages its ocean research funding, often providing funds to address needed data gathering through support to academics and university partners. Agencies including NOAA, the Navy, and the National Science Foundation often contribute funds or ship time to these efforts as they have ancillary needs for information to support their own missions. The program will continue to play a leadership role in both technology assessment and spill simulation.

NEPA and Environmental Studies Staff (+\$8,063,000; +52 FTE): The need for additional environmental studies also requires staff to manage the studies, both scientific staff and coordination staff, including Contracting Officer's Representatives (CORs) for the Environmental Studies Program (ESP). As planned in FY 2011, BOEM will continue to expand its environmental review requirements and capability in FY 2012, at both the prelease and post-lease stages. At the pre-lease review stage, environmental specialists will begin their coordination efforts with the environmental compliance activity in BSEE. Coordination with BSEE will continue at the post-lease stage.

The staff will consist of marine archaeologists; social scientists and economists; benthic/fisheries biologists; avian and marine mammal biologists; protected species biologists, air-quality experts and/or meteorologists; physical, biological and chemical oceanographers; water-quality/pollution specialists, and other disciplines. Scientific staff will conduct environmental and socioeconomic resource impact analyses required for the preparation of environmental impact statements and for an increased number of site-specific environmental assessments. These staff will also serve the ESP as CORs for all phases of studies procurement and monitoring.

Permitting (+\$6,945,000; +41 FTE): Additional staff are needed to review and process lease management, qualification, bonding and unitization requests and issues, as well as requests for development activities, such as plan and permit processing and approval. A recently published report by the Department of the Interior OCS Oversight Safety Board to the Secretary of the Interior states that the "Gulf of Mexico (GOM) district offices are challenged by the volume and complexity of permit applications and the lack of a standardized engineering review protocol. In addition, the Pacific Region's permitting staff is facing significant succession issues." It goes on to state that the workforce associated with regulating day-to-day activities has not increased proportionately to work demands, creating challenges in the need to balance an adequate analysis of permit requests with the need to be responsive to industry. For instance, Applications for Permits to Modify (APMs) have increased by 71 percent from 1,246 in 2005 to 2,136 in 2009 in the New Orleans District. In the Pacific, 80 percent of current permitting

employees will be retirement eligible in the next 2.5 years. The requested funds will enable BOEMRE to ensure that staffing levels are commensurate with increasing workloads.

Environmental Studies (+\$6,500,000; +0 FTE): In FY 2011, the ESP began studies needed to support high priority information needs related to the Deepwater Horizon Oil Spill. Also, renewable energy requirements are increasing and will include establishment of baselines and monitoring. Many of these studies will be ongoing for several years, and the additional funds in FY 2012 are needed to continue these studies and to initiate additional studies. This information will be critical in order to comply with NEPA regulations and an extensive suite of environmental laws (including Marine Mammal Protection Act (MMPA), Endangered Species Act (ESA), National Historic Preservation Act (NHPA), Coastal Zone Management Act (CZMA), Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA), and Migratory Bird Treaty Act (MBTA). As it has in the past, the ESP will leverage its funds with other interested Federal and private stakeholders, while ensuring that it fulfills its mission to acquire applied research specific to the oil and gas, marine minerals, and renewable energy programs.

Investigations and Review Unit (+\$5,782,000; +20 FTE): Funding is requested to staff and equip IRU, a team of professionals with law enforcement backgrounds or technical expertise whose mission is to: promptly and credibly respond to allegations or evidence of misconduct and unethical behavior by bureau employees; pursue allegations of misconduct by oil and gas companies involved in offshore energy projects; and assure the bureau's ability to respond swiftly to emerging issues and crises, including significant incidents such as spills and accidents. The IRU will evaluate all information submitted and will, where appropriate, conduct further investigation. The IRU will be consulting and sharing information with the Department of the Interior's Office of Inspector General (OIG), and they will jointly determine which office conducts any investigation of those allegations.

Environmental & Operational Oversight Compliance (+\$5,115,000; +33 FTE): In FY 2012, BSEE will continue to build its compliance capabilities, both environmental and operational, and will work closely with BOEM to:

- participate in NEPA activities throughout the process, specifically in developing post-lease mitigation measures;
- · issue safety and environmental protection related rules and regulations; and
- provide independent safety, engineering and technical authorization before any exploration, development or production plans are implemented.

Establishing a new environmental enforcement arm and expanding operational safety capabilities of BSEE is imperative. Development of appropriate regulations and policies, and subsequent industry and stakeholder outreach, is necessary to ensure the right mix of safety and environmental protection to minimize the risk of accidents. BSEE must coordinate closely with BOEM to capitalize on efficiencies related to bureau interdependencies, while recognizing and avoiding conflicts that may otherwise result in

bureaucratic delays to safe exploration and development. Frequent independent, technical reviews will ensure that regulations, policy, and guidance keep pace with the complexities of OCS activities, including the use of new exploration and development technologies in frontier areas. Environmental mitigation and safety measures will need to be tested, verified, and improved in an adaptive management framework. Information systems may need to be enhanced to better track compliance with new safety and environmental requirements. A substantial effort will be required in explaining the new requirements to industry and interested stakeholders.

Management Operations Support (+\$2,860,000; +12 FTE): Funds are requested to staff leadership and support positions for the new BSEE bureau directorate. As the bureau becomes further established, funds will be needed to support the increased operating activities of this office. While BOEMRE is developing reorganization plans with the goal of minimizing administrative redundancy, existing leadership funding will be allocated to BOEM. Therefore, funding to support the leadership of BSEE is required.

General Support – Resource Management (+\$2,527,000; +0 FTE): The ongoing reorganization and enhancement of BOEMRE activities includes efforts to attract environmental scientists, engineers, and support personnel needed to support the thorough review of offshore energy development activities. These funds will provide for general support needs such as rent, information technology (IT) and general equipment, communications, utilities, supplies, materials, and travel for the additional personnel.

Renewable Energy (+2,050,000; +11 FTE): The requested funds will set the stage for BOEMRE to work with applicants for offshore renewable energy/alternative use projects, with a focus on specific needs in the Atlantic and Pacific OCS. A significant increase in workload is expected in both the Atlantic and Pacific OCS for conducting environmental reviews, processing commercial leases, coordinating with stakeholders, and conducting inspection and enforcement activities.

The Secretary has announced an offshore wind initiative called "Smart from the Start" to facilitate the rapid and responsible development of renewable energy on the OCS. One of the main components of this initiative is identifying priority areas up and down the Atlantic Coast for appropriate wind development. BOEMRE and the Department, in close partnership with states, stakeholders, and tribes have been working to identify Wind Energy Areas (WEAs) off the Atlantic coast. These WEAs use coordinated environmental studies, large-scale planning and expedited approval processes to speed offshore wind energy development. Based on stakeholder and public participation, BOEMRE will prepare regional environmental assessments in the WEAs to evaluate the effects of leasing and site assessment activities in the areas to be leased. If no significant impacts are identified, BOEMRE could offer leases in these mid-Atlantic areas as early as the end of 2011 or early 2012. Comprehensive site-specific NEPA review will still need to be conducted for the construction of any individual wind power facility, and BOEMRE will work directly with project managers to ensure that those reviews take place on aggressive schedules.

Fair Market Value (+\$1,930,000; +1 FTE): This initiative will support activities to thoroughly assess the oil and gas potential and fair market value of OCS tracts offered for lease through purchase of critical software, hardware, data, and the hiring of an additional analysis staff member. This funding will contribute to ensuring the nation receives a fair return for publicly owned energy resources.

General Support – Safety and Environmental Enforcement (+\$1,246,000; +0 FTE): The ongoing reorganization and enhancement of BOEMRE activities includes efforts to attract additional engineers, scientists, and support personnel needed to support the thorough review of offshore energy development activities. These funds will provide for general needs such as rent, information technology (IT) and general equipment, communications, utilities, supplies, materials, and travel for the additional personnel.

Oil Spill Response Compliance (+\$1,240,000; +8 FTE): Additional staff are needed to ensure an adequate level of oil spill response oversight, including review and approval of OSRP and industry compliance inspections. OSRP reviews are conducted for new plans, biennial updates, amendments and plan revisions, and to confirm that an operator has proper equipment, people, and structures in place to respond to an oil spill. Compliance inspections, such as unannounced oil spill exercises and unannounced response equipment inspections, test and evaluate an operator's preparedness level. Staff also verify training for response personnel and participate in table top exercises in which response team members simulate response actions using their OSRP. The experience with the Deepwater Horizon oil spill highlighted the need for increased oversight of company OSRPs.

Independent Advisory Board (+\$1,200,000; +4 FTE): The Board was conceived by the Reorganization Team and would be charged with reviewing BOEM internal policies, procedures, rules, and regulations. It would also provide peer review through participation of BSEE staff who would serve as informal advisors. Requested funds would also cover operating costs such as travel and space.

Fixed Costs (+\$1,192,000; 0 FTE): Fixed costs of \$1.2 million are fully funded within this request.

Reorganization Efficiencies and Budget Changes (+\$1,058,000; + 1 FTE): A total increase of \$3.5 million is required to maintain existing administrative staff and meet non-variable costs because funding from revenue management sources will no longer be available. An amount of \$150,000 and one FTE is requested to meet increased administrative workload resulting from the expansion of the BOEMRE workforce. These adjustments are offset by anticipated reorganization efficiencies totaling \$2.6 million that will be achieved through more efficient use of existing facilities and consolidation during the reorganization.

Marine Spatial Planning (+\$1,000,000; +4 FTE): The requested funds will enable BOEMRE to coordinate Coastal and Marine Spatial Planning (CMSP) efforts with other federal and state agencies, determine information and data needs, make sure these needs

are met to effectively implement CMSP policy, and fulfill the requirement under Executive Order 13547 Stewardship of the Ocean, Our Coasts, and the Great Lakes. BOEMRE has been designated as the lead bureau in DOI for CMSP and will significantly participate in its implementation. With oil and natural gas, renewable energy, shipping/navigation, military uses, recreational and commercial fishing, and others activities competing for space on the OCS, it is becoming more important to coordinate the growing demand for multiple uses. This function is critical to the integrity of the 5-Year Oil and Gas Leasing Program that balances these various competing interests and contributes to determining the size, timing, and location of leasing activity on the OCS. This initiative will complement the FY 2010 Multipurpose Marine Cadastre initiative, a marine information system that brings together data layers about environmental, physical, political, and social aspects of the OCS. In a single, interactively generated map, users can see all official boundaries, rights, restrictions, and responsibilities in State and Federal waters. In FY 2012, support for Gulf of Mexico, Atlantic, and Arctic CMSP activities will be a significant focus of this initiative.

Bid Evaluation (+\$310,000; +2 FTE): Additional staff are needed to interpret data and information in order to complete bid adequacy determinations, estimate discovered volumes of oil and gas, develop lease sale analogs for new discoveries, and revise assessments of undiscovered resource potential. These activities contribute to ensuring that fair market value is received for public resources.

Inspection Fee (-\$55,000,000; 0 FTE): The funding increases requested in this budget would be partially offset by \$65 million in collections from OCS inspection fees, a \$55 million increase in revenue relative to the 2010 enacted level. New fees would be charged on drilling rigs (+\$17 million) and the existing fees on fixed OCS structures subject to inspection would be increased (+\$48 million). This proposal will transfer a portion of the cost of offshore inspections from the taxpayers to the offshore oil and gas industry. The proposal is consistent with the recommendations of the Commission's report. In its report, the Commission specifically notes that regulation of the oil and gas industry should "no longer be funded by taxpayers but instead by the industry that is being permitted to have access to a publicly-owned resource."

Offsetting Collections (-\$5,273,000; 0 FTE): In FY 2012, BOEMRE requests to retain \$160.2 million from eligible offsetting rental receipts and cost recovery fees to defray the costs of bureau operations. This is a \$5.3 million increase in collections compared to the FY 2011 level. This net increase is composed of an \$8.2 million increase in projected offsetting rental collections and a \$2.9 million reduction in anticipated revenue from cost recovery fees.

Marine Minerals (-\$2,000,000; 0 FTE): This reduction is being offered to offset priority budget increases and will eliminate funding for BOEMRE's marine minerals program. Under this program, BOEMRE works with federal, state and local entities to issue leases for sand and gravel in the OCS. BOEMRE receives eight to 10 requests per year. BOEMRE retains the authority to process individual lease requests for sand and gravel on a case-by-case basis, funds permitting.

Administrative Cost Savings: (-\$1,432,000; +0 FTE): In support of the President's commitment to fiscal discipline and spending constraints, BOEMRE is participating in an aggressive Department-wide effort to curb non-essential administrative spending. In accordance with this initiative, BOEMRE's justification assumes \$447,000 in savings in FY 2012 against actual FY 2010 expenditures. The activities where savings will be realized include: advisory contracts; travel and transportation of people and things; printing; and supplies. There will be no programmatic impact as a result of implementing these savings initiatives; instead, functions will be performed in a more efficient and more effective manner. Actions to address the Accountable Government Initiative and reduce expenses builds upon the management efficiency efforts in travel, relocation, and strategic sourcing proposed in the FY 2011 budget request resulting in total savings of \$1.4 million.

Center for Marine Resources and Environmental Technology (CMRET) (-\$900,000; -0 FTE): BOEMRE proposes to eliminate the earmarked funding for the CMRET in order to redirect the funding to higher priorities.

These resources discussed above are essential to creating an efficient, effective, transparent and stable energy development process and regulatory environment. Without them, we will be significantly limited in our ability to adequately achieve the goals of the reorganization, follow through on the many reforms we have launched over the past several months, and implement many of the recommendations from the Commission's Report and other reviews of this agency. In addition to these important limitations, we would be unable to devote sufficient resources to facilitate new exploration and resource development. That result is unacceptable. It is our collective responsibility to ensure that we have the resources to carry out the major changes that are necessary to improve and transform this agency.

Mandatory Proposals and Other Reforms in the FY 2012 Budget:

The Budget includes several mandatory proposals that directly relate to BOEMRE's programs:

Fee on Nonproducing Oil and Gas Leases: The budget includes a proposal for a \$4/acre fee (indexed annually for inflation) on all new non-producing federal oil and gas leases (onshore and offshore). This fee provides a financial incentive for oil and gas companies to either place leases into production or relinquish them so that the tracts can be re-leased and developed by new parties. The fee is expected to generate revenues of \$25 million in 2012 and \$874 million over 10 years.

Repeal of Deep Gas Royalty Incentives: The budget proposes to repeal Section 344 of the Energy Policy Act of 2005, which extended and expanded existing deep gas royalty relief. Based on current natural gas price projections, the Budget does not assume savings from this change; however, the proposal could generate savings to the Treasury if future natural gas prices end up below current projections.

Industry Reform

As the foregoing discussion suggests, we have much work to do internally to improve the effectiveness of government oversight of offshore energy development and drilling. These changes are both substantial and necessary. However, industry must change as well, and we have an important role in helping to spur that change. We are doing so through the promulgation of new prescriptive regulations to bolster safety, evaluate and mitigate environmental risks, and introduce performance-based standards similar to those used by regulators in the North Sea. We have heightened the standards for equipment, safety and environmental safeguards in the drilling and production stages of offshore operations – and we will continue to do so in open and transparent ways in the coming months and years.

We promulgated two new rules last fall that raise standards for the oil and gas industry's operations on the OCS. One of these rules strengthens requirements for safety equipment and drilling procedures; the other improves workplace safety by addressing the performance of personnel and systems on drilling rigs and production platforms.

The first rule, the Drilling Safety Rule, was an emergency rulemaking that put in place heightened new standards for well design, casing and cementing, pressure testing, and well control equipment, including blowout preventers. For the first time, operators are now required to obtain independent third-party inspection and certification of each stage of the proposed drilling process. In addition, an engineer must certify that blowout preventers meet new standards for testing and maintenance and are capable of severing the drill pipe under anticipated well pressures.

The second rule we implemented is the Workplace Safety Rule, or the SEMS Rule, which aims to reduce the human and organizational errors that lie at the heart of many accidents and oil spills. The development of this rule was in process well before *Deepwater Horizon*, but the promulgation of these performance-based standards was frustrated for a variety of reasons. Unfortunately, as was the case in other countries such as the United Kingdom and Norway, it took a major accident to provide the impetus necessary for these standards to be imposed.

Under the Workplace Safety Rule, operators now are required to develop a comprehensive safety and environmental management program that identifies the potential hazards and risk-reduction strategies for all phases of drilling and production activities, from well design and construction, to operation and maintenance, and finally to the decommissioning of platforms. Although many companies had developed such SEMS systems on a voluntary basis in the past, many had not. And our reviews had demonstrated that the percentage of offshore operators that had adopted such programs voluntarily was declining.

In addition to the new rules, we have issued important guidance, in the form of Notices to Lessees (NTLs), which provides operators additional direction with respect to compliance with BOEMRE's existing regulations.

For example, NTL-06 (the Environmental NTL) requires that operators submit well-specific blowout scenarios and worst case discharge calculations – and that operators also provide the assumptions and calculations behind these scenarios. My staff and I are working closely with operators to ensure that they have the information necessary to perform their worst case discharge calculations accurately and in accordance with the guidance set forth in NTL-06.

Following the lifting of the suspension of deepwater drilling operations, we issued NTL-10, which provides operators with guidance related to regulatory compliance and subsea containment. First, each operator is directed to submit a corporate statement that it will conduct proposed drilling operations in compliance with all BOEMRE regulations, including the new Drilling Safety Rule. The NTL also provides that BOEMRE will be evaluating whether each operator has submitted adequate information to demonstrate that it has access to, and can deploy, subsea containment resources that would be sufficient to promptly respond to a deepwater blowout or other loss of well control. In light of the Macondo well blowout, it is essential that deepwater operators demonstrate that they have access to vital source control and subsea containment systems in the event of a loss of well control.

Finally, in January we announced the formation of the Ocean Energy Safety Advisory Committee, which will be comprised of representatives from federal agencies – including BOEMRE, the Department of Energy, the NOAA, the United States Geological Survey, the Environmental Protection Agency, and the Coast Guard – as well as the offshore oil and gas industry, academic institutions, and other non-governmental organizations. Secretary Salazar has selected Dr. Tom Hunter, the former head of the Sandia National Laboratory who was central to the Macondo well control effort, to chair this committee. The Advisory Committee will be a center of excellence charged with driving research and development and technical innovation across government and industry in the areas of drilling safety, well control and subsea containment, and oil spill response.

Returning Industry to Work Safely

Regulatory and industry reform in the wake of a significant offshore disaster has happened before. The United Kingdom and Norway substantially changed their oversight of offshore drilling and production following the *Piper Alpha* and *Alexander Kielland* incidents, respectively. Australia is currently facing many of the same issues we are confronting following the Montara well blowout, which occurred only eight months before the *Deepwater Horizon* disaster.

The specific challenges facing us, however, are unique in many significant respects. The scale of the offshore oil and gas operations in U.S. waters, particularly in

the GOM, is vastly greater than those in the North Sea. The economies of many of the Gulf Coast states, particularly Louisiana, are closely tied to the offshore industry. The Gulf accounts for more than 25 percent of domestic oil production and over 10 percent of domestic gas production. One of the key challenges that we are addressing – and that cannot be avoided – is for government and industry to make the fundamental reforms necessary to improve the safety and environmental protection in this massive industry, while at the same time allowing operations to continue.

The major challenge facing the country is to dramatically improve the safety of drilling in the GOM, particularly in deepwater, while continuing with operations, keeping production flowing and keeping people working. Drilling in shallow water is moving forward. Since our first post-*Deepwater Horizon* safety standards were introduced in June 2010, BOEMRE has approved 38 permits to drill new wells for operations that have complied with the new requirements. More work remains to be done in order to keep safe operations working, and we will continue working with industry and devoting our resources to processing plans and permits for shallow water drilling. For many months, we were told that our reforms were too sweeping and that they inappropriately lumped low-risk shallow water operations with more risky deepwater operations. The recent loss of well control in the Gulf in connection with a shallow-water platform operated by Apache substantially weakens this argument. Offshore operations are inherently risky activities – whether they take place in shallow or deep water – and safety needs to be enhanced across the board.

Resuming drilling in deepwater - under conditions that are safe and environmentally responsible – poses even greater challenges. The heightened standards and regulatory changes applicable to deepwater drilling are substantial and have been made rapidly. There have been, understandably, a number of questions from industry and others about our new regulations, the NTLs, and how we will apply NEPA going forward with respect to deepwater drilling operations. We have held dozens of meetings, both in the Gulf region and in Washington, DC, with federal and state representatives, industry groups, non-governmental organizations, and individual operators to answer questions about the new rules and to provide clarity about the post-Deepwater Horizon regulatory environment. In December, we also issued a guidance document, which provides a comprehensive description of the way forward for permitting in deepwater. We have discussed the contents of the guidance with a number of companies and have received input from them and others from industry. While it probably is not realistic that this guidance will resolve every question that an operator may have about the deepwater permitting process, we intended for the guidance to address the significant questions that we have heard and to provide answers to help operators move forward with the resumption of work in deepwater.

One of the major issues that must be addressed so that deepwater drilling can resume in significant measure is subsea containment. Federal regulations require operators to be prepared to address a loss of well control in deepwater, and the *Deepwater Horizon* event quite dramatically demonstrated the need to have viable subsea containment measures on hand for every deepwater operation. NTL-10, as discussed

above, asks operators to describe the equipment and systems they can deploy to shut in a well if necessary.

Industry has formed two subsea containment groups – the Marine Well Containment Company (MWCC) and a program sponsored by Helix Energy Solutions Group (Helix) – to provide operators with access to source control and flow management systems in the event of a loss of well control in deepwater.

It took longer than we anticipated for these industry groups to make their subsea containment systems available to individual companies seeking to drill in deepwater. In fact, the testing of key components of each of these groups' containment systems, including their capping stacks, was not completed until very recently. This testing was witnessed and reviewed by BOEMRE engineers, and both capping stacks performed according to their specifications.

Until the MWCC and Helix were able to establish the effectiveness of their containment systems, it was not possible for operators to rely on these subsea containment systems to demonstrate their ability to respond promptly and effectively to a loss of well control in deepwater. We believe industry recognized this, which is why so few deepwater drilling permit applications have been filed. Now that the capping stacks have been tested and other components of these systems reviewed, we will be in a position to review individual drilling permit applications that designate MWCC or Helix resources. This information will assist us in determining whether sufficient subsea containment resources are available to individual operations in light of the particular well design proposed, reservoir pressures, worst-case discharge estimates, and other aspects of the operation. As you know, we approved two deepwater permits since the *Deepwater Horizon* incident, and we anticipate that additional deepwater permits will follow.

I hope that the above information provides you confidence that there is a way forward for drilling on the nation's OCS, and that we are working very hard to ensure that this activity is conducted in a manner that is safe for both workers and the environment. The lessons of the *Deepwater Horizon* event, as discussed so vividly in the report of the Commission, cannot be quickly forgotten. It has been less than one year since the blowout and the spill, and already substantial and sweeping reforms have been made. Much additional work remains to be done, for both government and industry, to ensure that offshore operations are safe, to provide rigorous government oversight, and to keep people working in this vital industry.

I very much appreciate the opportunity to share with you the reforms we are implementing and our hopes and expectations for the future. Mr. Chairman this concludes my statement. Please allow me to express my sincere appreciation for your support and we look forward to working with you on these and related issues in the months ahead. It would now be my pleasure to answer any questions you or other Members of the Subcommittee may have at this time.

Michael R. Bromwich Bureau of Ocean Energy Management, Regulation and Enforcement Director

Michael R. Bromwich is the Director of the Bureau of Ocean Energy Management, Regulation and Enforcement and has served in that position since June 21, 2010. He was asked by President Obama and Interior Secretary Ken Salazar to lead reforms that will strengthen oversight and regulation of offshore oil and gas development and oversee the fundamental restructuring of the former Minerals Management Service, which was responsible for overseeing oil and gas development on the Outer Continental Shelf.

From 1999-2010, Mr. Bromwich was a litigation partner in the Washington, DC and New York offices of Fried Frank Harris Shriver & Jacobson, where he headed the firm's Internal Investigations, Compliance and Monitoring practice group. Mr. Bromwich concentrated his practice on conducting internal investigations for private companies and other organizations; providing monitoring and oversight services in connection with public and private litigation and government enforcement actions; and representing institutions and individuals in white-collar criminal and regulatory matters. He also provided crisis management assistance and counseling.

After joining the firm in 1999, Mr. Bromwich conducted many major internal investigations for companies, both publicly traded and privately held, in the energy, pharmaceuticals, public accounting, and private security industries, among others; reviewed the compliance programs and policies of major companies in a variety of industries, conducted extensive field reviews of such programs and made recommendations for their improvement; and represented companies and individuals in state and federal criminal investigations. In 2002, Mr. Bromwich was selected by the Department of Justice and the District of Columbia to serve as the Independent Monitor for the District of Columbia's Metropolitan Police Department (MPD), focusing on use of force, civil rights integrity, internal misconduct, and training issues. He served in that position until 2008 when MPD was determined to have achieved substantial compliance. In 2007, Mr. Bromwich was selected by the City of Houston to undertake a comprehensive investigation of the Houston Police Department Crime Lab; the investigation was widely praised for identifying serious problems in some of the Crime Lab's operations and providing recommendations for the Lab's improvement.

From 1994 to 1999, Mr. Bromwich served as Inspector General for the Department of Justice. As Inspector General, he headed the law enforcement agency principally responsible for conducting criminal and administrative investigations into allegations of corruption and misconduct involving the 120,000 employees of the Department of Justice. He was also responsible for conducting independent audits of the Department's programs and operations.

As Inspector General, Mr. Bromwich was best known for conducting special investigations into allegations of misconduct, defective procedures and incompetence in the FBI Laboratory; the FBI's conduct and activities regarding the Aldrich Ames matter; the handling of classified information by the FBI and the Department of Justice in the campaign finance investigation; the alleged deception of a Congressional delegation by high-ranking officials of the Immigration and Naturalization Service; and the Justice Department's role in the CIA crack cocaine controversy.

During his tenure as Inspector General, Mr. Bromwich testified before Congressional committees on about 20 occasions.

Before his appointment as Inspector General, Mr. Bromwich served as a federal prosecutor in the 1980s. From 1987 through 1989, he served as Associate Counsel in the Office of Independent Counsel for Iran-Contra. In January-May 1989, he was one of three courtroom lawyers for the government in the case of *United States v. Oliver L. North.* Mr. Bromwich's other responsibilities in that office included supervising a team of prosecutors and law enforcement agents that investigated allegations of criminal misconduct against government officials and private citizens in connection with provision of aid to the Contras in Nicaragua and serving as overall coordinator of the Iran-Contra grand jury.

From 1983 to 1987, Mr. Bromwich served as an Assistant U.S. Attorney in the U.S. Attorney's Office for the Southern District of New York. During his tenure, he tried many lengthy and complex cases and argued many appellate matters before the Second Circuit. Mr. Bromwich served as Deputy Chief and Chief of the Office's Narcotics Unit.

In addition to his government service, Mr. Bromwich spent about seven years as a lawyer in private practice. From 1989 through 1993, he was a partner in the Washington, DC office of Mayer, Brown & Platt, where he specialized in white-collar criminal defense. Mr. Bromwich represented individual and corporate clients in state and federal administrative and judicial proceedings, conducted and supervised numerous complex investigations on behalf of individual and corporate clients and tried two cases to verdict, including the acquittal of a defendant charged with export violations that was the subject of national press attention. Earlier, from 1980 to 1983, he was an associate in the Washington, DC office of Foley & Lardner.

Mr. Bromwich has published articles in law reviews and other publications on conducting and managing complex investigations. He is also a frequent speaker and panelist on law enforcement, oversight and criminal law issues. Since leaving government in 1999, he has published articles on law enforcement, criminal justice and oversight issues in *The New York Times, Washington Post, Los Angeles Times, the Boston Globe,* and *Legal Times.* During his career, he has also participated in nationally televised symposia on the Independent Counsel Act, the operation of the jury system in high-profile cases and the changing role of federal prosecutors. He has also been the subject of profiles published by *The American Lawyer*, and the *Associated Press* and since leaving government has made appearances on a wide variety of nationally televised news and public affairs programs.

Mr. Bromwich received his law degree from the Harvard Law School in 1980 and a master's degree in Public Policy from Harvard's John F. Kennedy School of Government the same year. He received his undergraduate degree, *summa cum laude*, from Harvard College in 1976. Mr. Bromwich is admitted to the District of Columbia Bar.

Mr. SIMPSON. Mr. Gould.

OPENING REMARKS OF DIRECTOR GREGORY GOULD

Mr. GOULD. Mr. Chairman, Mr. Moran, and members of the sub-committee, I appreciate the opportunity to testify today on the fiscal year 2012 budget for the Office of Natural Resources Revenue or ONRR.

ONRR's 2012 budget is \$148 million, which represents a significant but necessary increase over the 2010 enacted level. It is also important to view this request within the context of the economic benefit ONRR provides to the Nation and the recent challenges we have faced as an organization.

On average ONRR disperses \$10 billion a year to American Indians, states, and the U.S. Treasury. The budget request provides the necessary resources to implement the revenue management reforms highlighted by recent GAO and OIG reports and the reorganization announced by the Secretary. Our request provides the funding needed to improve the Department's revenue management activities.

Last year Secretary Salazar spearheaded an aggressive effort to reform the Department's offshore energy and renewable revenue management programs. On October 1 of last year ONRR was established in the Office of the Secretary under the Assistant Secretary for Policy Management and Budget. With the support of Assistant Secretary Rhea Suh and Director Bromwich the reorganization of ONRR took place as planned and without disruption, eliminating prior conflicts of interest, mitigating the risks of organizational change, and allowing a greater focus on opportunities for improvement.

Following a transition to PMB, ONRR initiated a top-to-bottom strategic review to concentrate our efforts on the continued improvement of the Department's revenue management activities. Through this effort ONRR assessed potential improvements and developed the framework for implementing current and future initiatives. ONRR is now proactively investing resources to implement initiatives that will allow us to achieve the organization's three priority goals: collecting every dollar due, disbursing accurate revenues and information, and restoring ONRR's credibility with the public.

The 2012 budget will enable us to implement the initiatives identified during a strategic review in response to the numerous recommendations ONRR has received. Since 2003, ONRR has been the subject of more than 100 internal and external evaluations, and we have implemented over 1,000 recommendations. The 2012 funding is critical to ensure the closure of many of the remaining internal and external recommendations.

Recently the GAO testified before this committee on their annual high-risk report. The report cites three deficiencies and stated that the Department's revenue collection policies needed to ensure that, one, the Federal Government receives a fair return on its oil and gas resources, also known as the government take; two, Interior completes its production verification inspections; and three, Interior's data on production and royalties are consistent and reliable.

BLM and BOEMRE are working to address the first two deficiencies, and ONRR is supporting them as they conduct studies of government take under different management structures. ONRR's budget request also provides funding for additional production meter inspectors and a feasibility study on the use of automated production metering systems.

The GAO's third deficiency relates to the accuracy of royalty and production data that ONRR collects from industry. We agreed with GAO when they first raised this issue in 2008, and we have been working diligently to implement improvements in the quality of company-reported data.

Several of ONRR's 2012 budget initiatives relate directly to implementing GAO's recommendations. The GAO identified 50 DOI recommendations in their high-risk report. ONRR is responsible for implementing 11 of the recommendations. We have made significant progress on all 11 of these recommendations. In fact, five have been implemented, and the funds we are requesting will allow us

to fully implement the remaining six.

It is important to note that although companies report their own data, ONRR has a sophisticated accounting and detection system and a comprehensive risk-based audit and compliance program to target underpayments and to ensure that royalties do not go uncollected. Our audit program has been strengthened in recent years as a direct result of funding from this committee. In fact, over the last 5 years our Audit and Compliance Program has detected and collected more than half a billion dollars in companies' initial underpayments.

In addition to our Audit and Compliance Program, ONRR has a strong partnership with the Inspector General and the U.S. Attorney's Office to jointly pursue companies that intentionally underpay royalties on federal and Indian lands.

This is a very exciting time for us here at ONRR as we continue to develop, implement, and improve the Department's revenue management activities and move forward on implementing critical reforms.

I would like to thank the committee for all the support they have

provided.

Mr. Chairman, this concludes my statement, and Debbie Tschudy, the Deputy Director of ONRR, and I are happy to respond to any questions that you may have.

[The statement of Gregory Gould follows:]

STATEMENT OF GREGORY J. GOULD DIRECTOR, OFFICE OF NATURAL RESOURCES REVENUE UNITED STATES DEPARTMENT OF THE INTERIOR COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON INTERIOR, ENVIRONMENT AND RELATED AGENCIES HOUSE OF REPRESENTATIVES

March 17, 2011

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the President's Fiscal Year (FY) 2012 budget request for the Department of the Interior's Office of Natural Resources Revenue (ONRR).

ONRR Background

Last year, Secretary of the Interior Ken Salazar spearheaded an aggressive effort to reform the Department's oil and gas leasing and revenue management programs. On May 19, 2010, Secretary Salazar issued Secretarial Order 3299 directing the separation of responsibilities previously performed by the Minerals Management Service (MMS) and reassigning those responsibilities to three separate organizations: the Office of Natural Resources Revenue (ONRR), the Bureau of Ocean Energy Management (BOEM), and the Bureau of Safety and Environmental Enforcement (BSEE). ONRR was established in the Office of the Secretary under the Assistant Secretary for Policy, Management and Budget on October 1, 2010, pursuant to Secretarial Order No. 3306.

The ONRR collects, accounts for, analyzes, audits, and disburses revenues associated with energy and mineral leasing on the Outer Continental Shelf (OCS) and onshore Federal and American Indian lands. The ONRR fulfills part of the Department's Indian trust responsibility by serving as a trustee of the mineral revenue assets generated from Indian trust properties and as an advocate for the interests of Indian mineral owners. The ONRR collects and disburses approximately \$10 billion in annual revenues to the U.S. Treasury, five Federal agencies, 38 states, 41 American Indian tribes, and about 30,000 individual Indian mineral owners.

The reorganization of ONRR took place as planned and without disruption, thus reducing the potential for internal mission conflicts, mitigating the risks of organizational change, and allowing greater focus on specific opportunities to improve our management of mineral revenues, our human capital focus, and our communications with other offices. Since moving to the Office of the Secretary, ONRR has worked closely with the Assistant Secretary of Policy, Management and Budget to enhance the organization's ability to collect every dollar due, make accurate on-time payments, and earn public trust.

The reorganization presented an opportunity for ONRR to initiate a top to bottom review as the office strives to continue its efforts to improve the management and oversight of the royalty and revenue collection and disbursement activities for the Department. This effort facilitated a strategic review to assess potential improvements and develop a strategic framework for implementing current and future initiatives.

The ONRR is now proactively investing resources in implementing strategic priority initiatives that will allow us to achieve our three strategic outcomes:

- Collecting every dollar due from companies and ensuring they timely comply with laws, regulations, and lease terms.
- Disbursing and distributing accurate revenues and data to States, Tribes, Indian mineral owners, U.S. Treasury, and others.
- Restoring ONRR's credibility with the public.

Improving Mineral Revenue Collection Activities

Because ONRR is entrusted with an important fiduciary role, we value the continued oversight we receive from the Government Accountability Office (GAO), the Office of Inspector General (OIG), and other external organizations.

Since FY 2003, ONRR has been the subject of 40 external audits, evaluations, and reviews and 80 internal control reviews. ONRR is working diligently to implement needed reforms, and many previous external recommendations have already been implemented. Fiscal Year 2012 funding is critical to facilitate the implementation of many of the remaining internal and external audit recommendations.

In February 2011, GAO identified the Department of the Interior's Management of Federal Oil and Gas Resources in its High-Risk Series report. The report sites three "shortcomings" in Interior's revenue collection policies to ensure that 1) the Federal Government receives a fair return on its oil and gas resources (so called "government take"), 2) Interior completes its production verification inspections, and 3) Interior's data on production and royalties are consistent and reliable.

The first two items are a responsibility shared with the Bureau of Land Management and the Bureau of Ocean Energy Management, Regulation and Enforcement. ONRR has a strong working relationship with BLM and BOEMRE, which we are continuing to foster and promote. ONRR is participating with BLM and BOEMRE in conducting studies of oil and gas revenues – or "government take" – under different management regimes, and these studies should be completed and published later this year. ONRR also plans to cooperate with BLM and BOEMRE to complete a Departmental feasibility study on the use of automated production metering systems, allowing production data to be electronically sent to the government for production verification analysis.

The GAO's third item relates to the accuracy of royalty and production data that ONRR collects from industry. We agreed with GAO when they first raised this issue in 2008

and have been working diligently to implement improvements in the quality of companyreported royalty and production data. Several of ONRR's FY 2012 Budget Initiatives relate directly to GAOs' recommendations.

The GAO identified 50 DOI recommendations in their high risk report. ONRR is responsible for 11 of the 50 recommendations. The ONRR continues to make progress in implementing these recommendations.

The ONRR enforces existing laws that Congress created to ensure fair return for publically-owned minerals. It's important to note that although companies report their own royalty and production data, ONRR has a sophisticated accounting and detection system and a comprehensive risk-based audit and compliance program to target underpayments and to ensure that royalties do not go uncollected.

On average, over the last 5 years, our audit and compliance program collected payments of approximately \$110 million annually from companies. These amounts represent companies' underpayments in their initial reporting, which were discovered through ONRR's compliance activities. Our audit program has been strengthened in recent years as the direct result of funding from the Committee for additional auditors. We have been very successful in recruiting and retaining highly qualified auditors to augment our audit program. In addition, ONRR has a strong partnership with the OIG and the U.S. Attorney's Office to jointly pursue companies that intentionally underpay mineral royalties due on Federal and Indian lands.

FY 2012 President's Budget Request

The budget for the Department includes \$506.3 million for the components of the former Minerals Management Service to continue the reorganization and reform efforts of both offshore energy development activities and mineral revenue management. The FY 2012 budget request for ONRR is \$147.9 million, a \$38.7 million increase over the FY 2010 enacted level after adjusting for funding transferred from the former MMS. The request reflects the transfer of funding from BOEMRE to ONRR including \$89.4 million in program funding and \$19.9 million in funding for general administration. While this level of funding represents a significant increase, it provides an appropriate level of funding to ensure that the Department effectively implements critical revenue management reforms. This request funds the organization's fixed costs, returns anticipated reorganization efficiencies and administrative savings, and replaces mandatory RIK receipts used in prior years with direct appropriations needed to transition royalty in-kind (RIK) activities to ONRR's in-value processes. It also provides the resources needed to implement the reforms highlighted by recent GAO and OIG reports. It allows ONRR to enhance revenue collection activities by directing resources to our audit, oversight and enforcement, data mining, systems.

Royalty in Kind (RIK) Transition (+\$13,498,000; [58] FTE transitioned): The ONRR's FY 2012 budget request supports the orderly transition from receiving royalties in the form of oil and natural gas, or in-kind, to receiving royalties on a cash basis, or in-value.

The Secretary announced the termination of the RIK program on September 16, 2009, and ONRR immediately initiated an orderly shutdown, transitioning in-kind properties to in-value. Because all RIK oil and natural gas sales contracts have expired, the royalties owed are now paid on an in-value basis. The ONRR is expanding compliance and auditing activities for the increase in in-value royalties, by transitioning 58 FTE previously focused on in-kind mineral revenues to in-value compliance activities.

As a result of the transition, revenue receipts from RIK sales are no longer available to fund program management expenses. These receipts were previously used to support ONRR's RIK-related costs for financial accounting, audit and compliance, IT systems, executive direction staff, and other RIK-related administrative costs. All of these costs will remain as in-value costs after the transition. Therefore, in FY 2012 ONRR is requesting an additional \$13.5 million in discretionary appropriations to replace RIK receipts used in prior years.

While this request appears to be an increase in discretionary appropriations, the net change to the Treasury is zero. These activities were previously funded with RIK receipts, the value of which is now being deposited into the Treasury as in-value receipts, thus directly offsetting this requested appropriations increase. This request ensures the consistent funding level required to maintain ongoing compliance oversight capabilities for royalty payments that ONRR will now collect through the traditional royalty in-value processes, and to sustain the overall return to the American people from mineral revenue collections.

BOEMRE to Office of the Secretary Reorganization Transfer and Administration (+\$10,124,000; +3 FTE): The Department requests \$10.1 million to implement the reorganization of ONRR and institute oversight reforms as recommended by independent assessments recently completed and currently underway. Reorganizing and integrating ONRR within the Office of the Secretary with minimal disruption is critical to ensuring the full and fair receipt of royalties owed by producers.

Implementation of the reorganized ONRR will include utilizing outside management consultants with specific expertise in revenue management structures to inform the development of controls and procedures. Mitigation strategies will be developed to address the implementation issues and an accelerated implementation plan will be developed. After the migration is complete, ONRR will undertake an organizational effectiveness analysis to identify opportunities to improve performance operational areas.

Equally important will be the impact of the planned migration on completing modifications to address recommendations from the OIG, GAO, and Royalty Policy Committee. Many of the modifications involve transferring operations for improving the Mineral Revenue Management Support System, the primary data system currently used to collect royalties. System improvements, in addition to providing ONRR the capability to respond to external recommendations, will provide greater assurance that ONRR is accurately collecting royalties owed, and will consequently improve disbursement processes. Once ONRR has detected and corrected revenue errors, the efficiency of

audits and compliance reviews will increase because personnel will be able to focus efforts on complex issues including pricing contracts, transportation and processing issues, and other areas not currently detectable by automated compliance tools.

Production Measurement/Inspection (+\$7,343,000; +18 FTE): The ONRR is requesting \$7.34 million and 18 new production and measurement inspectors, chemical engineers, and petroleum engineers to enhance capabilities to perform production verification, gas plant inspections, and meter inspections on offshore rigs/platforms and production facilities. The funding will also cover associated inspection costs, such as helicopters for offshore site inspections, facilities, equipment, and ongoing training. This request directly addresses GAO concerns related to production verification. The requested additional resources will create greater capability to verify offshore production reporting and accurately and timely collect every royalty dollar due.

Expand State and Tribal Audit Program (+\$2,255,000; +1 FTE): The FY 2012 request includes an increase of \$2.26 million from the FY 2010 enacted level for ONRR's delegated and cooperative audit program with states and Indian tribes. The State and Tribal Audit Program, authorized by Sections 202 and 205 of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), as amended, is integral to ONRR compliance activities and a vital part of the ONRR mission. Through this program, Tribes are empowered to perform audits on tribal mineral royalties within their reservation and States perform audits on Federal leases within their boundaries and within the Section 8(g) zone of the Outer Continental Shelf (OCS). In FY 2012, ONRR anticipates fully funding agreements with 10 states and 8 tribes including a new Hopi Tribal agreement. These 18 agreements encompass lands producing a high percentage of all state and tribal mineral revenues and ONRR will rely on these states and tribes to perform compliance activities on an estimated \$3.3 billion in royalty payments. Historically, for every dollar spent for the delegated and cooperative audit program, the states, tribes, and U.S. Treasury received approximately \$4.00 in additional compliance collections. However appropriations in recent years have not kept pace with the growth or ongoing costs of this program. This has resulted in reduced funding for the agreements and ONRR's diversion of funds from other compliance activities to maintain program capacity.

Data Mining (+\$1,980,000; +12 FTE): This ONRR request includes \$1.98 million and 12 FTE to perform data mining reviews addressing earlier detection of missing or inaccurate royalties. This request also directly addresses GAO concerns related to the reliability and consistency of company-reported data. Current technology and system capabilities have opened new avenues for ONRR to identify and analyze erroneous data on a real-time basis. The ONRR has initiated a small-scale data mining effort as a second level screening process to increase the accuracy of company-reported data before it is subjected to compliance reviews and ultimately to audit. During FY 2012, this funding will allow the Department to hire additional analysts to expand data mining functions, addressing recent external recommendations, and providing earlier detection of missing or inaccurate royalties.

Ensure Proper Royalties Paid on Transported and Processed Natural Gas (+\$1,850,000; +11 FTE): The ONRR is requesting \$1.85 million and 11 new FTE to increase its ability to ensure proper royalties are paid on transported and processed natural gas by providing reliable and timely access to gas index and location differential data for use in valuation. This request directly addresses GAO concerns related to the reliability and consistency of company-reported data. New positions will include petroleum engineers, chemical engineers, economists, auditors, analysts, technicians and related administrative support. With more than 200 gas plant systems processing gas from Federal leases, 100 different index points for gas, and over 500 pipeline systems transporting gas, these new resources will allow ONRR to: 1) gather and maintain natural gas index values; 2) determine location and quality differentials; 3) unbundle transportation fees for use in compliance risk determinations for gas plants and transportation systems, including examining gas plant efficiencies; and 4) perform reviews and audits of gas plants and transportation systems.

Integration of Compliance Tools (+\$1,717,000; 0 FTE): The FY 2012 request includes a \$1.72 million increase to fund the second year of a two-year effort to implement and integrate mineral revenue compliance tools. This request addresses several overlapping recommendations from the OIG, the Royalty Policy Subcommittee, and ONRR's Strategic Business Planning initiative. Currently, the ONRR uses several independent compliance tools to track workload, work progress, audit and compliance review findings and collections, and performance metrics. Establishing and maintaining workload information in these tools is manually intensive and often duplicative in nature. Due to the variety of independent compliance tools, outside reviews noted difficulties in accessing requested data, inconsistencies between tools, gaps in information, and duplication of manual data entry across separate tools. This funding will allow the ONRR to implement a fully automated and integrated suite of compliance tools which will provide one reliable and consistent source for automated, consolidated and integrated compliance planning, analysis, tracking, performance accomplishment, and records management data. The suite of automated tools will be scalable and flexible to ensure long-term usefulness and future adaptability.

Audit and Oversight (+\$1,550,000; +10 FTE): The FY 2012 request includes an increase of \$1.55 million and 10 FTE with expertise as certified internal auditors and fraud examiners. This new group is an integral element of the ONRR reorganization which will perform internal reviews and investigations to ensure that procedures and performance are effective. The ONRR will also establish an independent oversight board to oversee and provide advice in this area.

Fixed Costs (+\$423,000; 0 FTE): A fixed costs increase of \$439,000 is fully funded within this request.

Reorganization Efficiencies and Budget Changes (-\$1,483,000; 0 FTE): The request includes a decrease of \$1.48 million resulting from savings from operational efficiencies derived from the BOEMRE/ONRR.

Administrative Cost Savings: (-\$600,000; 0 FTE): In support of the President's commitment to fiscal discipline and spending constraints, ONRR is participating in an aggressive Department-wide effort to curb non-essential administrative spending related to travel, relocation, strategic sourcing, and information technology consolidation. In accordance with this initiative, ONRR's justification assumes \$600,000 in savings in FY 2012 against actual FY 2010 expenditures.

Mandatory Proposals in the FY 2012 Budget

The Budget includes several mandatory proposals that directly relate to ONRR's revenue management activities:

Repeal of Authorities to Accept Royalty Payments in Kind

The Administration proposes to solidify a recent Departmental reform terminating the Royalty-in-Kind program by repealing all Interior authorities to accept future royalties through this program. This change will help increase confidence that future royalty payments will be properly accounted for. The budget does not assume savings from this change because the Administration does not anticipate restarting the program; however, if enacted, this proposal would provide additional certainty that a new Royalty-in-Kind program would not be initiated at some point in the future.

Geothermal Revenue Sharing with Counties

The Administration proposes to repeal Section 224(b) of the Energy Policy Act of 2005. Prior to passage of this legislation, geothermal revenues were split between the Federal government and States, with 50 percent directed to States, and 50 percent to the Federal Government. The Energy Policy Act changed this distribution beginning in 2006 to direct 50 percent to States, 25 percent to counties, and for a period of five years, 25 percent to a new Geothermal Steam Act Implementation Fund managed by the Bureau of Land Management. In 2010, Congress enacted appropriations language that stopped the allocation of revenues to this Geothermal Fund. Under the current Continuing Resolution, payments to counties have been reinstated through 2011. The repeal of Section 224(b) will permanently discontinue payments to counties, thus restoring the disposition of Federal geothermal leasing revenues to the historical formula of 50 percent to the States and 50 percent to the Federal Government. This results in estimated savings of \$7 million in 2012 and \$74 million over ten years.

Net Receipts Sharing

The Administration proposes to make permanent the current arrangement for sharing the cost to administer energy and mineral receipts, beginning in FY 2013. Under current law, States receiving significant payments from mineral revenue development on Federal lands also share in the costs of administering the Federal mineral leases from which the revenue is generated. In FY 2012, this net receipts sharing change would be implemented as an offset to the Interior Appropriations Act, consistent with the proposal adopted in 2010 and continued under the FY 2011 Continuing Resolution. Permanent implementation of net receipts sharing is estimated to generate savings of \$44 million in 2013 and \$441 million over ten years.

Conclusion

The ONRR's FY 2012 Budget provides resources for implementation of critical revenue management reforms to enhance our revenue collection processes. As we continue to move forward to execute our mission, and at the same time, transform as an organization, we are committed to seeking new methods to enhance our royalty management program. Mr. Chairman, thank you for the opportunity to testify. I will be pleased to answer any questions you may have.

GREGORY GOULD

Mr. Gould was named the Associate Director of the Minerals Revenue Management (MRM) Program, on June 2, 2008. With the transition to the Office of Natural Resources Revenue, Mr. Gould was named the Director of ONRR on October 1, 2010.

As Director of ONRR, Mr. Gould is responsible for the collection and disbursement of billions of dollars annually in revenues owed the Federal government and American Indians from energy production on all Federal and American Indian lands. Additionally, he is responsible for ONRR's compliance, enforcement and asset management programs.

Prior to serving as the Director of ONRR and Associate Director of MRM, Mr. Gould served as Chief of the Environmental Division within the former Minerals Management Service (MMS) and was responsible for exercising policy and staff direction over a nationwide program for environmental assessment of the Outer Continental Shelf. The Division provided policy guidance, direction, and program oversight with respect to evaluating the potential and actual environmental impacts associated with extraction of offshore minerals, including oil, gas, sand, gravel, and renewable energy production. The Division ensured agency policies and industry practices conformed to the Nation's environmental policies and laws; managed the National Offshore Environmental Studies Program; and oversaw the preparation of the Environmental Impact Statement for the 5-Year Offshore Oil and Gas Leasing Program.

Mr. Gould began his career with the Department of the Interior as a Geologist in the New York OCS office of the Bureau of Land Management in 1981. A charter member of the former MMS, he then served in various capacities in the headquarters offices of the MMS Offshore program – working as a Marine Policy Analyst with the Offshore Information Program, a Physical Scientist in charge of the Offshore Civil/Criminal Penalties Program, and as Chief of the Safety and Enforcement Branch in the Offshore Engineering and Operations Division.

In addition to his Executive Branch work, Mr. Gould served as an energy advisor to the Chairman of the U.S. House of Representatives Subcommittee on Oceanography.

Mr. Gould earned a Bachelor of Science degree in Geology from the State University of New York, a Master's degree in Public Administration from George Mason University, and graduated from the John F. Kennedy School of Government Senior Executive Fellows program at Harvard University. Mr. Gould lives with his wife and two children in Sterling, Virginia.

Deborah Gibbs Tschudy

Deborah Gibbs Tschudy serves as the Deputy Director of the Office of Natural Resources Revenue (ONRR) – an agency within the U.S. Department of the Interior. The ONRR is responsible for the collection, disbursement, valuation, and audit of revenues associated with the leasing and production of minerals on Federal and American Indian lands with collections of an estimated \$10 billion annually.

During her career with the Department of Interior, Ms. Tschudy has worked on a variety of issues involving royalty valuation; regulatory and policy development; and Indian minerals management. From November 1992 to October 2000, Ms. Tschudy served as the agency's Chief of the Royalty Valuation Division and led the development of several valuation regulations governing Federal and Indian leases. From 2000 to 2004, she served as Program Director for ONRR's audit and compliance program including delegated and cooperative audit agreements with 11 States and 7 American Indian Tribes. More recently, Ms. Tschudy was responsible for implementation of those provisions of the Energy Policy Act of 2005 and the Gulf of Mexico Energy Security Act of 2006 that impact minerals revenue management. Ms. Tschudy currently oversees ONRR's operations in Denver, Colorado.

Ms. Tschudy received a Bachelor of Arts in Mathematics from the University of Colorado and a Masters of Science in Mineral Economics from the Colorado School of Mines.

ROYALTY COLLECTION

Mr. SIMPSON. Thank you, and again, thank you for being here today.

One of the issues that I think our entire committee was concerned about when we had the GAO and the IG up here was the collection of royalties and whether the government could be confident that it was getting what it was due, and as they said I think during the hearing, they were not suggesting that there was fraud going on out there, they just had no way of being confident that actual, accurate reporting was going on.

How is this going to change this?

Mr. GOULD. We are doing a number of things. We just finished a comprehensive strategic review of our organization, and during that review we looked for a number of ways to improve our revenue collection capabilities.

One thing that in recent years and thanks to the support of this committee, we have been able to improve our computer systems. A lot of the information comes in electronically, and our computer systems now are upgraded so that we can actually have more upfront edits. So when the companies submit their data to us, we can do a quick company check from the information and the oil and gas operator information.

After the computer does its work and with those improvements we also have an initiative in this budget request for 12 additional employees to actually then look at the exceptions. Every time the computer system kicks out information, we need somebody to look at that information and the discrepancy. This budget will allow us to hire 12 new people to enhance the data mining effort that we are currently undergoing.

Mr. SIMPSON. You get your information that you count regarding the royalties that are going to be paid from the production records of the company. Right?

Mr. GOULD. There are two types of information that come in. We have information that comes in from the companies that pay the royalties. Then we have information that comes in from the producers that includes the volumes and information related to the production.

So those two pieces of information then are compared to make sure that we are getting all the money that is due for production. And, as Debbie just pointed out, we also have a third-party verification process where we actually get the source information from the meters themselves.

RETAINING PERSONNEL

Mr. SIMPSON. Okay. One of the things that was brought up also, Mr. Bromwich, during the IG's report was the difficulty that the Department is having with personnel because qualified experienced personnel are being hired by the oil companies, and we are having a hard time retaining them.

What are we doing about that?

Mr. Bromwich. We are doing a number of things about it. Part of it is a generational thing. Many of our employees are approach-

ing retirement age, and so they are not surprisingly heading for the exits.

We are doing several things. Number one, I have done, I think I mentioned to both of you when I met with you, recruiting tours. So I went in October and early November to some of our best engineering and petroleum engineering schools in the Gulf, LSU, University of Houston, Texas A&M, University of Texas, other schools, to try to recruit some of the best and the brightest of the engineers who were in school, telling them that their country needs them working for us, regulating this terribly important industry offshore.

And the result of that recruiting tour with a very narrow jobs announcement, narrow in terms of time, was overwhelming, and so

that was very rewarding, and we are bringing people on.

Mr. MORAN. I would be curious. How many people were you actually able to hire? Because the process of actually hiring somebody in today's Federal government seems impossible. Of all those people that tried to get hired, Mr. Chairman, would you mind my asking, how many did you actually hire?

Mr. Bromwich. Well, we brought on 70 new people since June 1 of last year. Now, many of those are backfills, so I do not want

to suggest that those are net adds, but 70.

Mr. MORAN. But they are new people? Mr. BROMWICH. They are new people.

Mr. Moran. Okay.

Mr. Bromwich. That is right.

Mr. MORAN. That is good.

Mr. Bromwich. That is exactly right.

Mr. Moran. Excuse me for the interruption.

Mr. Bromwich. No, not at all. And in addition to the engineering people that we are bringing on, we obviously have a great need for environmental scientists and people with environmental backgrounds. So we are going to be doing the same kind of thing that we did in October and November in 2 weeks. We are starting to go out to various environmental studies programs in our universities across the country, again, trying to recruit them and make them aware of the important public service opportunities that are available for them in our organization.

But, Mr. Chairman, you are quite right in identifying the problem of having our people recruited away either before we get them or after we have them by industry, because there is a significant

salary disparity.

Mr. SIMPSON. Do you have any idea what the disparity is?

Mr. Bromwich. I do not, but it is enormous, and it grows over time in terms of the seniority of the people. We have anecdotal information, but we can try to collect that for you.

One of the things we are trying to do, and this mirrors what other countries that do offshore regulation do, we are trying to get exceptions and exemptions from the normal federal salary scale in recognition that we are competing with an industry that can pay far more. So we have a package that is currently pending at the Office of Personnel Management that would help to narrow the gap between what engineers and other specialists can make in private industry versus what they can make in long-term careers with us.

I do not know the way that is going to turn out. I hope that the need is so dramatic that it will be granted, but it just gives you a sense for some of the levers we are trying to use, some of the tools that we are trying to use to get the best people and keep them.

REORGANIZATION

Mr. SIMPSON. Okay. You mentioned during your testimony that at the end of this fiscal year BOEMRE will be split or divided into BOEM and BSEE.

Mr. Bromwich. That is right.

Mr. SIMPSON. Given the lack of coordination between many agencies within the Department of Interior, are you concerned that these two agencies might not work well together and further reduce the efficiencies and delays in oil and gas development, and

how will you prevent this?

One of the things that I hear from industry is that what they need more than anything else is predictability, and while there was criticisms of the old MMS and you are right, there was sometimes too close a relationship between the regulators and the permitees at least it was some predictability. And that is what they need, and they are saying, you know, it used to be we would submit an application for a permit, and it might come back to us two or three times for additional information. Now they are seeing permits come back to them 20 and 30 times for additional information, and it is just delaying the permitting process.

How are we going to get these agencies to make sure they work together and that while we do the proper oversight and environ-

mental reviews it is not just a continual foot-dragging?

Mr. Bromwich. Let me answer two parts to that question. One, how do we make the process efficient? I think as both you and Mr. Moran mentioned in your opening statements, Deepwater Horizon was a shocking event for everyone, and not surprisingly it prompted a lot of activity within the agency in terms of developing new rules, new processes, new procedures.

As those were rolled out to industry, they were complicated, and it took some time for industry to absorb them, and frankly, it took some time for our people to absorb them, understand them, explain them, and understand how to evaluate new permit applications

that contained the new information.

I think that has dramatically improved over the last few weeks. I think if you ask industry as I do almost every day whether we are doing better now, the answer is yes, because we have settled into, I will not say a pattern but, more of a regular course of doing business, where most of the questions related to the new rules and guidance we put out had been answered and answered in a way that is clear to industry.

So I think we are in a much better place now than we were in June or July or August or September, and I think things will con-

tinue to improve.

Getting to the core of your question, though, how do we make sure that operational efficiencies are not impaired by the split. We focused on that risk since day one, and in fact, we have teams of personnel that are focusing on the inter-dependencies between the functions that will now be the separate agencies, and they are identifying ways to make sure that the operations remain efficient and whole and that the split into two separate agencies does not cause impairment of operational efficiency. It is a terribly important issue. We are focusing on it very intently, and I think we are going to solve the problem.

Mr. SIMPSON. I hope so because that is probably the primary complaint that I hear from people. As you know, any business that plans, they need to have some predictability with these permits. They need to be able to predict when they are going to be able to

drill in order to keep the refineries going.

Mr. Bromwich. That is absolutely right, and I think that we have come a long way. We now have since last June when new requirements first went into effect, we granted 38 shallow water permits, and the pace has been pretty steady recently. And then we started as you noted in your opening statement to grant deep water permits. Now, it is not really accurate to say there were no deep water permits that were issued, because that suggests that industry was ready.

In fact, until February 17 there was no containment capability that existed for deep water drilling. That is when the two containment groups, the Helix Group, and the Marine Well Containment Company, which is composed of the majors, that is when they announced that they have the capacity ready, and they were able to provide the containment resources in the event of a sub-seas spill.

So I think, and industry, I think, agrees with me on this, that that is the date from which to measure the issuance of deep water permits, and we were able within 11 days of that readiness announced by industry to issue the first deep water permit. And then as you know, we issued another one just last week, and there will be more to come.

So in terms of predictability, which I completely agree with you is so important, I think that with these first two deep water permits that have been approved and with my having said and Secretary Salazar having said that there are more to come, we are providing the kind of predictability that industry craves and needs. Mr. SIMPSON. Thank you. Mr. Moran.

GENERAL ACCOUNTABILITY OFFICE: HIGH RISK REPORT

Mr. MORAN. Thank you very much, Mr. Chairman. I want to thank all the witnesses for their service.

The chairman conducted a very good hearing a couple weeks ago with the GAO on the Interior Department, and GAO identified Interior's onshore and offshore oil and gas management as being on of the highest-risk list for fraud, waste, and abuse.

I want to ask Mr. Gould first of all, because in the GAO testimony they said Interior collected lower levels of revenue, in other words, you, your organization collected lower levels of revenue for oil and gas production in all but 11 of 104 oil and gas resource owners, including states and other countries.

Do you agree with GAO's assessment of the U.S. Government's take of oil and gas revenue compared to other countries, and can you give us a feel for the kind of revenue loss that the taxpayers are bearing? And can we rectify that?

Mr. GOULD. We are working very closely with BLM and BOEMRE on a government take study. When we get the results of that study, we will all be ready to implement it.

But until that study is done I do not think we are in a position

to know what type of revenue structure is the best.

Mr. MORAN. Mr. Gould, before you move it over to Bromwich, how long have you been working in the area of natural resources revenue for the Interior Department, Mr. Gould?

Mr. Gould. For 29 years.

Mr. MORAN. For 29 years. And so we get a GAO assessment that you are on the highest-risk list for waste, fraud, and abuse, that the share of the taxpayers' revenue from oil and gas is at the very bottom in terms of what other oil and gas resource owners are getting.

And your response is that you are going to commission a study and then look at the issue. After 29 years of professional experience in this. So it is fair then, I think, after 29 years to ask you, do you personally think that the taxpayers are getting the fair share of the revenue that is due them from these natural resources that belong to them, their children and grandchildren?

Mr. GOULD. Congressman, respectfully, I am a geologist, not an economist. I am in charge of the collection part of that process. In terms of the collection part of that process and GAO's criticisms, we did agree with GAO in 2008, when they said that the data needed to be cleaned up. And we have done a lot since 2008. Right now we have a sophisticated accounting detection system to make sure that we are collecting everything that is due.

So in terms of the third part of GAO's criticism of what we are doing, I believe we are doing a lot right now. The budget request that we have in front of us is going to help us to ensure that we

do collect every dollar due.

In terms of the fair return, we need to let the study go through and get the information. I honestly do not have an opinion on government take.

Mr. Moran. No opinion. You have been involved in the industry for 29 years. Now, we obviously have not been, and Mr. Simpson knows a lot more about it than I do, but you know, we form some opinions pretty readily when we see some of the numbers. The states get half of the royalties. You wonder if they would not feel shortchanged.

I want to continue to focus on Mr. Gould and Ms. Tschudy because Mr. Bromwich, you were doing other things for the public interest while this stuff was going on.

DEEP WATER ROYALTY RELIEF

What is the situation with regard to the royalty-free deep water oil and gas leases in the Gulf of Mexico, and I am sure you must have had some opinion on the discussion that has taken place on the Floor and in press conferences and Mr. Markey, certainly he has a loud-enough voice to reach your ears I would think, that there is billions of dollars in revenue that is being foregone that should be going to the taxpayers because of what can only be described, well, what has been described as a screw up on the part

of the professionals in this area when they put together the contract.

You know, we try to delve into it, they say, well, it was one person's responsibility, that person says, well, it was their responsibility. The fact is that this is a situation where the contract that was made when oil was very cheap was supposed to yield appropriate revenues to the Federal Government when the price of oil went up. The price of oil went up, and they tried to collect, and McGee said, well, wait a minute. The staff messed up, and we are not legally obligated to pay this money, which amounts to billions of dollars, and the court upheld them saying that the staff messed up.

So what happened? I mean, it is a serious issue, is it not?

Mr. Gould. Yes, a very serious issue.

Mr. MORAN. Yes. Tens of billions of dollars of taxpayers.

Mr. GOULD. As of January 31, \$7.2 billion is what we estimate to be the foregone royalties. But it is important to note that the Supreme Court did not hear that case, did not accept that case. It was determined that the law itself actually prevents us or prevents BOEMRE from applying a price cap or price limit.

So right now the way the law is written, a certain volume has to go royalty free, and we have no control over that based on the

Supreme Court action.

Mr. MORAN. So this is going to continue, and what would you say is the total cost to the federal taxpayer of this mess up?

Mr. GOULD. We are working closely with Director Bromwich and

his staff and we have estimates of \$15.21 billion.

Mr. MORAN. Fifteen point two billion dollars that should be going to the taxpayers in reimbursement for the oil and gas they own but instead is going to enhance the profit margin of the oil and gas companies. I am not exaggerating here. That is the case, is it not?

That is an expensive mistake, you would agree.

Mr. GOULD. Well, I do want to make sure it is clear that it was

not a mistake we made in our office.

Mr. Moran. Who made the mistake? I do not want to belabor this except for the fact we are talking about \$15.2 billion of tax-payers' money. I mean, you know, we cut \$1 billion out of Head Start Programs, we are cutting here, we are cutting there to save a million here and there, and here is \$15.2 billion we gave up in revenue.

Mr. GOULD. I truly understand your concern, and again, as a tax-payer I agree with you.

Mr. Moran. Yes.

Mr. GOULD. But we do not have any legal mechanism to put any type of price caps on this.

Mr. MORAN. But did there not used to be price caps? When the price of oil went up, then the—no?

Mr. GOULD. No, it was not.

Mr. MORAN. Now, so how do we protect the government's interest in this oil and gas that they own?

Mr. GOULD. At this point these are the same questions, and I am sorry to say, but I am going to ask the leasing office.

Mr. MORAN. All right. Earn your pay such as it is, Mr. Bromwich.

Mr. Bromwich. I am not thoroughly familiar with these issues, but hearing you describe it and hearing the magnitude of the dollars, it is a serious problem, and I will learn more about it and get back to you with fuller answers.

Mr. MORAN. Okay. Well, you know, I do not really want to just give up at this point, but okay. Well, you need to get back to us.

This is not going to go away.

Mr. Bromwich. Absolutely. We understand.

Mr. GOULD. There is no prohibition. When they put the law into effect, they put the law into effect that up to certain production levels would go royalty free, and that was the only thing that the law said. It did not provide any other mechanism. The law does not allow it.

Mr. Bromwich. It sounds like the legislation does not permit it.

Mr. GOULD. That is correct.

Mr. Bromwich. So the legislation would have to be changed.

Mr. Moran. So it is the Congress's fault. Well, the Congress put it in with the clear impression that this was low-priced oil now. When it goes up higher, then we will collect royalties, but we want to keep the industry going because the price of oil was \$20, \$30 a barrel. Now that it is over \$100 a barrel, everyone assumes that there should be, in fact, the head of Chevron says, yes, we ought to be paying this, but we are not.

AUDITING AND COMPLIANCE

Okay. I just have one last question, and Mr. Gould, 29 years, it is fair to keep asking. Over the past 5 years your Audit and Compliance Program has collected \$110 million from companies that underreported. The GAO told us in this excellent hearing that Chairman Simpson called that really you just take the numbers that the oil and gas companies give you. So you can deal with that with GAO, but that is what we are being told.

And in fact, they get on time reporting, because they need to know what the value of their inventory is, but you are less inter-

ested, was the implication.

So you would think, though, that the Federal Government might invest in more careful auditing on the industry. In the IRS for every dollar we spend on program integrity, in other words, going after people who it looks like have not paid their fair share, we collect \$10. So one to ten is a pretty good ratio.

Do you know what the ratio is? In other words, if we put more money into more careful auditing of the oil and gas industry, would it yield more revenue to the taxpayer?

Mr. GOULD. Yes, it does, and actually our Audit and Compliance Program historically averages about \$1 to \$4.

Mr. MORAN. One to four. So for every dollar you put in you get back about \$4.

Mr. GOULD. From our Audit and Compliance Program, that is correct.

Mr. MORAN. Collections. Okay. Mr. Chairman, thank you. It is a good hearing.

Mr. SIMPSON. Ms. Lummis.

OPENING REMARKS OF CONGRESSWOMAN CYNTHIA M. LUMMIS

Mrs. Lummis. Thank you, Mr. Chairman.

In Wyoming's experience the auditing really does improve collections for a period of time, and then it declines for obvious reasons. Compliance improves and so that collection declines because compliance has been ramped up. So we had that experience as well.

WELL CONTAINMENT

A couple questions. Mr. Bromwich, this goes back to the Marine Well containment and the Helix containment devices that have

now been approved. Is the word, approved, correct?

Mr. Bromwich. No, and I am glad you asked the question. We do the evaluation as to whether containment resources are sufficient in the context of individual applications that are submitted by operators, and the operator has discretion which of these two containment groups to designate, or it does not have to designate either of these two groups.

So the best way to describe it, these are resource alternatives available to individual operators that they can then include in their individual applications for permits. They can designate one, they can designate another, they can designate both, or if they have re-

sources of their own, they do not have to designate any.

And so we have reviewed and reviewed the test results of the capping stacks, the devices that can actually be put on top of runaway wells, and we are satisfied that those have the capabilities that the groups have said they would. But each assessment needs to be done in the context of an individual application, which has its own water depth, its own pressure configuration, and every-

Mrs. Lummis. Okay. Great. Thank you. That is informative.

PERMITTING

Now, how many permits are ready and awaiting approval now that February 17 has passed, and I assume that they are included as part of the permit now?

Mr. Bromwich. Right. The individual operator designates the containment resources that they are designating as available to

them, that they have contracted for. Mrs. Lummis. Got it.

Mr. Bromwich. That are available in the case of a blowout.

Mrs. Lummis. Okay. How many permits fit that description? They are ready and awaiting approval now that February 17 has passed?

Mr. Bromwich. We have granted two.

Mrs. Lummis. Yes.

Mr. Bromwich. We have a relatively small number of permits that are pending. My best estimate is that we will have additional permits that will be granted in the next few days.

Responsive to Chairman Simpson's comment about predictability, what we are seeing now, now that we granted the first two deep water permits, is more coming in. So the number of pending permits now exceeds ten for the first time since Deepwater Horizon. And so I think that shows that industry says, okay, this agency is going to approve permits, containment capabilities are now avail-

able, so we are going to move forward.

So looking around the corner the thing that I am concerned about, frankly, given our lack of resources, is whether we have sufficient permitting personnel who are going to be available to process what I anticipate will be a surge in permit applications. We were obviously hopeful with the President's \$100 million supplemental request for fiscal year 2011 that that kind of help would be on the way, but you know better than I that through the series of continuing resolutions that help has not been forthcoming.

So we are working on various alternatives to try to bridge that gap to make sure that we have the resources that we need, and one of the things that I have done recently is reach out and try to see whether we could get retired petroleum engineers from industry who would be willing to come in on a temporary basis to help our permitting personnel. They would be under the control of our people, no retired people from industry would have the final authority to approve permits, but they would be manpower that would help us do that.

So that is just one alternative that we are considering, but it is our effort to act and to think about these issues before a crisis hits and before a bottleneck develops. And so we are working on that. I have talked to top executives of some companies asking them to reach into their ranks of retirees to see if we can get some help.

NON-PRODUCING LEASE FEE

Mrs. LUMMIS. Good. Now, I note that you are proposing a \$4 per acre fee on non-producing wells, so I have some questions about that. For example, what does an industry pay on average for a lease at auction?

Mr. Bromwich. Well, it can be millions or billions of dollars. I do not have a per acre figure for you.

Mrs. Lummis. Okay, and those leases are usually 10 years?

Mr. Bromwich. Generally.

Mrs. Lummis. Okay, and what is the annual rental on those leases?

Mr. Bromwich. The annual rental I guess it would depend. It is a sliding scale. The rental, just to be clear, I am sure you know this, is only paid until production begins, and then a royalty rate is assessed.

Mrs. Lummis. Yes, and the royalty rates are?

Mr. Bromwich. I do not have the percentages in front of me. I can get back to you on that.

Mrs. LUMMIS. When you issue a lease at auction, do the royalty rates vary?

Mr. Bromwich. Yes. They have.

Mrs. Lummis. And do they vary based on seismic data?

Mr. Bromwich. I am not sure. Let me get back to you on that. Mrs. Lummis. Okay. I know in Wyoming, you know, we usually put them out at, oh, 16 percent. If nobody picks them up, then we have an over-the-counter leasing process at a 12½ percent royalty, but even that is subject to change. So I was just curious about what the federal system did.

Mr. Bromwich. I would like to turn the tables on Mr. Gould who does the collection. I think he probably has a better idea and Ms. Tschudy about the royalty rates that we collect.

Mr. GOULD. Eighteen and three-quarters percent offshore.

Mrs. Lummis. Okay. Well, that is pretty generous, and in the private sector, leasing that is going on in the Niobrara formation in Wyoming, which is shale oil, royalties are running between 15 and 20 percent. The highest I have ever heard in the last few months is 20 percent and almost no one is getting that. But that is better than most people are getting onshore in Wyoming on private land in the Niobrara.

Of the leases still held have the leases continued to pay their annual rent even on leases awaiting permits to drill?

Mr. Bromwich. Yes.

Mrs. LUMMIS. Okay. Does your legislative proposal to charge a \$4 per acre fee on non-producing wells include wells that have been

waiting on you over the last year?

Mr. Bromwich. I am not sure. I think it is one of the subjects of discussion, and we certainly recognize that interruptions in the process that had been caused by the need for regulatory changes and the subsequent slowdown in the permitting process should be recognized in this process. So I think those issues are in the process of being worked through.

CIVIL PENALTIES

Mrs. Lummis. Okay. Very good. Regarding civil penalties, as I understand it the Bureau levies a civil penalty of \$35,000 per day per incident.

Mr. Bromwich. That is right.

Mrs. Lummis. Okay.

Mr. Bromwich. Which I think is terribly inadequate.

Mrs. Lummis. Too low. Okay.

Mr. Bromwich. Yes.

Mrs. LUMMIS. And you might be right, but I am curious to know what criteria for levying civil penalties should be. So under what circumstances are civil penalties levied?

Mr. Bromwich. There is a complicated system, frankly, a too-complicated system within the agency for referring violations for consideration of civil penalties and then a decision on civil penalties. One of the things that we are doing in response to the various reviews and reports on us is to look at this whole structure of civil fine referrals and civil fine assessments.

My own impression, my own view is that it is terribly inefficient, and it is quite inadequate. So we have one of our implementation teams that was formed in response originally to the Secretary's Safety Oversight Board report looking at exactly that issue, that is, enforcement issues and civil fine issues.

So my view that the \$35,000 ceiling is inadequate is based on my intuitive sense that when we have serious violations for companies that are making large revenues, that \$35,000 at its peak is completely inadequate to deter violations.

Mrs. Lummis. Okay.

Mr. Bromwich. Completely inadequate to deter serious violations.

Mrs. LUMMIS. And are these subject to rulemaking, the criteria

under which a civil penalty is issued?

Mr. Bromwich. Yes. They are subject to rulemaking, but the ceiling, although we can make cost-of-living adjustments within narrow limits, a broader raising of the ceiling requires legislation.

Mrs. LUMMIS. Okay. What additional Congressional authority

would be required?

Mr. Bromwich. I think legislation specifically raising the fine ceiling.

Mrs. Lummis. Okay.

Mr. Bromwich. Which is enshrined in law.

Mrs. Lummis. Just raising. Mr. Bromwich. Right.

Mrs. Lummis. Okay.

Mr. Bromwich. Yes.

Mrs. LUMMIS. All right, and you have an up to criteria in your rules right now?

Mr. BROMWICH. We have criteria right now. Again, those are subject to review, and my own view is that that will probably substantially change over the next several months.

Mrs. LUMMIS. Do you have a right number in mind in terms of

a per day, per incident penalty?

Mr. Bromwich. I do not.

Mrs. LUMMIS. Okay, and when I was on Natural Resources you came in when you were new, and we talked about your background, and it sort of, if I recall, forensic. Do you not have a kind of forensic background?

Mr. Bromwich. Oh, I have dabbled in forensic science but only as someone running investigations. I never did forensic science.

Mrs. Lummis. Okay.

Mr. Bromwich. My background as Mr. Moran noted was in law enforcement.

Mrs. Lummis. Okay. Well, very good. My time is probably up, is it not, Mr. Chairman? Thank you.

OPENING REMARKS OF CONGRESSMAN MAURICE D. HINCHEY

Mr. HINCHEY. Thank you very much, Mr. Chairman, and I want to thank you very much. Thanks for being here, thanks for everything that you do. I also want to thank and applaud you basically for something that is very important that you did last year, of course, the Deepwater Horizon management, how that spill last year was taken care of, how you managed it, how you did all of the necessary work dealing with it. It was an exemplary set of circumstances, and we applaud you and thank you very much for what you have done.

A lot of progress has been made, but there are a lot of things that really need to be done, conflicts of interest, conflicting missions that plague the former Minerals Management Service. All of

these things that really need to be taken care of.

Just as a curiosity, in the context of what Mr. Moran said a moment ago, he was asking something, and you said you could not do it because there was a restriction in the rules. Would you be kind enough, not now, I am not asking you to do it now, but would you provide me with a play on that restriction, the details, how that is

set up, when it got set up, what the restrictions are that you have to deal with? I think this is something that, you know, that we should really be looking into and trying to address.

Mr. GOULD. Yes. We will coordinate with BOEMRE to provide

you with a detailed summary.

Mr. HINCHEY. Thank you. Thanks very much. I appreciate it.

ENCOURAGING LEASE DEVELOPMENT

Mr. Bromwich, I wanted to ask you a specific question. As the price of oil continues to increase we are, once again, hearing the call for more drilling on public lands and in public water. Yet before we go down that road it is important for us to understand just exactly what is being done, how much has been allocated for them, what is being done on the land that they have in their control.

Oil and gas companies, as I understand it, currently hold 80 million acres under lease, yet the industry is only producing on 12 million of the 80 million of those acres. For offshore, specifically, there are a total of 38 million acres under lease, but the industry is pro-

ducing on only $6\frac{1}{2}$ million of the 38 million acres.

That means that less than 25 percent of the acres leased on federal lands and water are actually being used and actually producing. All the rest is just staying aside, and apparently it has been aside for some time.

Before we rush to open up new tracks for oil and gas exploration and criticize the pace at which the Department is issuing new deep water drilling bases, and I think that that has been put out, that criticism has been put out, which to me, frankly, does not make any sense. I think we need to make sure companies are taking advantage of the permits that they already have.

So your budget proposes a \$4 per acre fee on non-producing oil and gas leases to incentivize current lease holders to utilize existing permits. However, that is going to require legislation here, and it is very questionable as to whether or not this operation here is going to be willing to do it. We will see how that goes.

But in the meantime what else can your department be doing to make sure these companies actually develop the leases that they

have?

Mr. Bromwich. Well, as you probably know, the President addressed this in his press conference last Friday.

Mr. HINCHEY. Yes.

Mr. Bromwich. And he directed the Department of the Interior to report back to him within 2 weeks on the potential policy alternatives that might be available to further incentivize industry to develop the lands that are already under lease. So at the Interior Department we are busily at work trying to put together that report that will be delivered to the President. We are exploring a wide range of options, and we expect that report will be delivered on time at the end of next week.

Mr. HINCHEY. What do you think so far? Mr. Bromwich. Well, I think that there are a variety of techniques that we might use. We have already tried to work with developing incentives through the lease process. For example, the notion of shorter leases so there is not as large a risk that companies will not work aggressively to develop the properties under lease. They have a shorter period of time. There is obviously an incentive for them to do it faster.

Another possibility that we have talked about and experimented with is changing the royalty rate and charging a lower rate if the property is developed very quickly so that they pay rental rate for a shorter period. The royalty rate starts kicking in sooner because the development is sooner and to try to incentivize that you could reduce the royalty rate in the first couple of years of development.

So those are examples.

Mr. HINCHEY. I wonder about that, but the \$4 is not a very high rate for them.

Mr. Bromwich. No, it is not.

Mr. HINCHEY. And I think reducing that is not going to be an incentive for them to do anything positive. I think there are other ways of doing that.

Mr. Bromwich. Well, there is no alternative that is beyond consideration. We are trying to look at the full menu of alternatives that are out there that will incentivize development.

Mr. HINCHEY. I hope that one of the considerations that might go under an alternative would be the reduction of the price there, because it is a very low price.

Mr. Bromwich. Yes.

Mr. HINCHEY. And one of the things that we are seeing, of course, is a very high success of the drillers in terms of the economic circumstances. So this is something that we need to be paying a lot of attention to.

Mr. Bromwich. Absolutely.

Mr. HINCHEY. Because these are materials that are owned by the people of this country.

Mr. Bromwich. Absolutely.

Mr. HINCHEY. They are owned by the general public.

Mr. Bromwich. Yes.

Mr. HINCHEY. And the general public is not really getting any advantage of the drilling process. In fact, they own it, somebody else comes in and drills it, takes it up, and then spends it for them.

Mr. Bromwich. Right.

Mr. HINCHEY. You know, so there is something that really needs to be done here that is going to be much more effective on behalf of the general public of this country, not just for the oil companies but for the people here who are now spending so much of their income on the price of gasoline particularly.

Mr. Bromwich. Right.

Mr. HINCHEY. So I appreciate that. I am looking forward to that, and I am hoping that we get a copy of what you sent to the President as well.

Mr. Bromwich. That will be up to the President.

Mr. HINCHEY. Well, all right then. We are asking you for the same thing.

Mr. Bromwich. Okay.

Mr. HINCHEY. We are asking you to provide for us the routine that you think and the circumstances that you understand in the context of the examination that you are engaged in now, and if you would be kind enough to provide us with that information that you

come up with as a result of the investigation that you are engaged in, we would deeply appreciate it.
Mr. Bromwich. Very good. Thank you.

Mr. HINCHEY. When do you think we will get it?

Mr. Bromwich. I think you will get it soon after the President gets it is my guess.

Mr. HINCHEY. Okay.

Mr. Bromwich. I do not usually say this, but that is a decision

above my pay grade.

Mr. HINCHEY. Okay. Well, no. I mean, it is not really because you have an obligation to the President, of course, but you have an obligation to the Congress here.

Mr. Bromwich. It is not my report. Let me just be clear. It is

a Department-wide report.

Mr. HINCHEY. Well, make it clear to the Department wide that this Department here has asked for this.

Mr. Bromwich. Okay.

Mr. HINCHEY. And we would like to get it as soon as they have the information that they have been able to put together.

Mr. Bromwich. I will definitely pass that along.

Mr. HINCHEY. Thanks very much.

Mr. Bromwich. You are very welcome.

Mr. SIMPSON. Just out of curiosity, does every acre that is under lease contain resources, or are some of them actually dry?

Mr. Bromwich. Some of them are dry.

Mr. SIMPSON. That is shocking.

Ms. Lummis, did you have other questions?

Mrs. Lummis. You know, I do. Thank you, Mr. Chairman.

PERMITTING

I do not understand this discrepancy, and I just want to ask you if you can account for it. The DOJ filed in federal court in Louisiana a claim that you have 270 shallow permits pending and 52 deep water permits pending, and this information is as I understand current as of yesterday. Do you know why there is that difference?

Mr. Bromwich. Yes. The information included in the Department of Justice filing was in connection with Judge Feldman's directive for us to process a small number of designated permits in the context of a lawsuit. The affidavit filed by one of the people in our Gulf of Mexico region was done to demonstrate that focusing on those permits out of sequence as the Judge directed would divert our permitting personnel from other tasks that they had.

The 270 number was designed simply to capture the larger universe of work that permitting personnel do, including relatively small but still meaningful adjustments or modifications of permits

that are already granted.

So included within the larger number are not drilling permits. They are adjustments or modifications. So I know there was a press release put out yesterday. It was extraordinarily misleading because the numbers that Members of Congress and others have focused on are new applications. If we wanted to start talking about applications to modify, we have granted thousands of those. Thousands.

But some of them can be for relatively minor things, and so we thought it was inappropriate and misleading to cite those numbers because those are not the numbers that, Mr. Chairman, you and your colleagues have been interested in.

Mr. SIMPSON. We would have criticized you if you would have

done that.

Mr. Bromwich. Yes, you would, and rightly so. And rightly so. So to have this alleged discrepancy pointed out when it is not a discrepancy at all and a simple turning to our webpage which shows these numbers on a daily basis and identifies what categories they are in, that would have been the appropriate way to handle it rather than to blast it out and suggest that people are not being candid about numbers.

Mrs. Lummis. Okay, and so you did explain the 270 shallow permits. Now what about these 52 deep waters that this press release mentions?

Mr. Bromwich. Same thing.

Mrs. LUMMIS. So they are just requests to alter existing permits? Mr. Bromwich. Well, the 52, I do not have the release, Senator Vitter's release with me. Do you?

Mrs. Lummis. I do. Mr. Bromwich. Okay.

Mrs. LUMMIS. It just says because there are actually 270 shallow water permit applications pending and 52 deep water permits.

Mr. Bromwich. Yes. It is the same principle. They are things like applications to modify as opposed to applications for new wells or sidetracks or bypasses, which are the meaningful substantive reviews that our agency does and that takes so much time.

Mrs. Lummis. Okay. So it is around ten when you look at brand

new permits to drill?

Mr. Bromwich. That are pending. Correct.

Mrs. Lummis. That are pending. Okay. Great. Thank you.

Mr. Bromwich. Does that help you?

Mrs. Lummis. Yes, it does. It clears that up.

Mr. Chairman, do I have time for one more question?

Mr. SIMPSON. Yes.

Mrs. Lummis. Thank you.

INVESTIGATIONS AND REVIEW UNIT

The IRU. I want to ask a question about how that differs from the inspector general, and I know you are requesting \$5.8 million in 20 full-time equivalents for the IRU, so I am trying to understand what the IRU will do that is different from what the inspector general does.

Mr. Bromwich. It is a very good question. As you know and as the chairman knows, there has been a history of allegations of corruption and misconduct within the agency as well as mismanagement of certain issues. In my experience, and I have a lot of experience in a lot of different organizations, in order to have a healthy organization you need to have the ability to handle certain kinds of allegations and investigations yourself.

The Inspector General in Interior, the Inspector General in any Department, does not have adequate resources to do all of that. When I was at the Justice Department and I was the inspector general, all of the different components of the Justice Department, Bureau of Prisons, at that time the Immigration Service, DEA, FBI, all had their own internal affairs units. And so the inspector general would get allegations and then those that he did not have the resources or for some other reason did not want to handle would be flipped back to internal affairs. That is exactly the principle that we are talking about here.

Mrs. Lummis. Okay.

Mr. Bromwich. To create an internal affairs type capability, which will also have the ability to do aggressive enforcement actions of oil and gas companies that are violating our rules and have been cited for violations of our rules.

Mrs. Lummis. Okay.

Mr. Bromwich. So we work in close coordination with the IG, we do not go out on our own without checking with the IG. The IG welcomed my creating this entity, and I think it is serving the intended function already.

Mrs. LUMMIS. And I am not going to disagree with that at all because, you know, I know two former MMS directors that asked for IG investigations when ethical lapses at MMS arose, and it took 3 years to complete.

Mr. Bromwich. And that is exactly the sort of problem this is de-

signed to address.

Mrs. Lummis. Okay. Great. Now, would the IRU have authority to halt production on a well based on allegations if it was an investigation for a specific episode of misconduct?

Mr. Bromwich. The IRU itself would have no authority to stop

production.

Mrs. Lummis. Okay.

Mr. Bromwich. No.

Mrs. Lummis. Okay. Great, and one more question, Mr. Chairman, switching gears. You are so kind.

STATE AUDIT PROGRAM

Onto state partnerships for audit programs, that program relies on states to perform compliance activities on an estimated \$3.3 billion in royalty payments. I know the State of Wyoming has been doing that for years with federal mineral royalties in this state. I know you have agreements with ten states and eight tribes.

And generally speaking when I was in state government in Wyoming and I felt like the states were doing a really good job, especially the State of Wyoming, on some of these compliance audits, and my question about this is since we have got such tight budgets, and we are not going to be able to fund everything here at the federal level that is being requested, do you think it would make sense to rely on states with which you currently have agreements to collect revenue as well?

Obviously states like Wyoming are collecting a tremendous amount of state royalty, ad valorem royalties, severance tax royalty based on a lot of the same production from the same companies on the same formulas, and it might be a cost saving issue.

Mr. GOULD. The partnership we have with the states is excellent, and it is something we are working on during our strategic review. We are including the state and tribal auditors in all our reviews

that we are doing within our program right now for the creation of our new office. We have an excellent relationship with state auditors, something that I think is a win for both sides. We have the federal collection system with computer systems in place that can handle all of the revenue coming in. It is a system where the revenue comes in and goes into the Treasury and then it is disbursed.

So I do not see that there is any immediate efficiencies gained by turning that part of it over to the state, but I do see that we have had a lot of efficiencies by using the state auditors.

Mrs. LUMMIS. Final question, and I think I know the answer to this. I hope I do.

TRIBAL ROYALTIES

Did Interior finally get tribal royalties on the same mineral valuation formula as non-tribal royalties?

Mr. GOULD. Right now we are looking at all of our valuation regulations, and we are just starting the process on a valuation rule for Indian oil. We completed the Indian gas rule and now we are working on Indian oil.

Mrs. Lummis. Oh, so they are not on the same formula.

Mr. GOULD. No, we are working on that right now.

Mrs. Lummis. Oh, my gosh. I cannot believe it is taking this long. Ms. Gibbs Tschudy. One of the reasons they are not the same is the lease terms are different. We did revise the Indian gas valuation regulations in 2000, and we are still continuing to work on revising the Indian oil valuation regulations, and we are convening an Indian-negotiated rulemaking in order to revise that regulation.

Mrs. LUMMIS. And the Navajos in Arizona, are they pretty deeply involved?

Ms. GIBBS TSCHUDY. Very much so.

Mrs. LUMMIS. They seem pretty sophisticated back when I was on that committee.

Ms. GIBBS TSCHUDY. Absolutely.

Mrs. Lummis. Thanks.

Mr. GOULD. Yes. We are working very, very closely with the Navajo Nation on that particular issue.

Mrs. LUMMIS. Great. Thank you. Mr. Chairman, thank you for your patience.

Mr. SIMPSON. Mr. Hinchey.

Mr. HINCHEY. Thanks, Mr. Chairman.

LEASES WITH VIABLE RESOURCES

When you provide that information to the President and a copy of it to us, would you kindly include the number of acres that are not likely or that you know did not have any value in them? As you said, there are some.

Mr. Bromwich. I said there are some. We will do our best to collect that data. It is obviously relevant data.

Mr. HINCHEY. Yes.

Mr. Bromwich. I do not know whether we currently have access to it, but I will make sure that that is focused on as something that should be in the report.

Mr. HINCHEY. Okay. Whatever extent that you know that some of them just do not have any oil in them.

Mr. Bromwich. Yes.

Mr. HINCHEY. Let us know what percentage that might be.

Mr. Bromwich. Yes.

Mr. HINCHEY. That would be interesting.

Mr. Bromwich. Okay.

Mr. HINCHEY. I just wanted to ask another question, Mr. Bromwich, if I may.

Mr. Bromwich. Sure.

ARCTIC DRILLING

Mr. HINCHEY. And it is about the drilling in the Arctic, and as I understand it Shell recently announced that it would not be drilling in Beaufort, and they would not be drilling there this summer anyway, but they are going to be planning on drilling there some time perhaps next year.

The plans that they have include up to three wells, as I understand it, in Chukchi Sea and up to two wells in Beaufort Sea, which is a pretty large expansion of activities there. The operation there is concerning because of the whole set of circumstances that they are going to have to deal with and the experience that we have seen from other activities up there.

So there has been a number of tragedies. We saw in the Gulf last year and more recently with an Icelandic oil tanker that ran aground I think off of Norway, off the coast some time just recently, last month.

So despite the bad things that have been going on up there and the context of those circumstances, Shell intends to rely on spill response plans that were written before the BP oil spill and the Norway spill for the Arctic operations. And that seems a little ridiculous looking at operations that they plan to take to be preventive but based upon not the most recent things that took place, which were much more tragic and much more damaging and dangerous. And I think that they should be at least upgraded in the context of what the present set of circumstances knowingly are.

So in addition to all we have learned since those two incidents, Shell's spill response plans for the Arctic are completely, seemingly inadequate, and in some cases not at all based on the real set of circumstances that they are going to have to deal with there.

Shell's plans assume it will remove upwards of 90 percent of an oil spill in the open water, a number which has never come close to being achieved in practice, any time. Offshore mechanical containment and recovery rates for the Deep Water Horizon spill were 3 percent, and somewhere between 8 and 9 percent for the Exxon Valdez spill.

Shell's plan even fails to consider a potential uncontrolled blowout under their worst case scenario, despite what happened in the Gulf, and there are many more examples like these.

So I am just hoping that given this information and all we have learned whether or not we should even allow Shell and drilling in the Arctic on the basis of this set of circumstances. But at the very least should not the company be required to develop a new oil spill response and be prepared to deal with this in a much more reasonable, much more effective and rational way?

Mr. Bromwich. Thanks for asking the question. The Arctic is obviously one of the most significant set of issues that we have to deal with. It is a frontier area as people describe it, and it contains various kinds of challenges because of the temperatures, because of the ice, because of the relative absence of infrastructure, because

the Coast Guard is not right there that are unique.

We were working with Shell to understand the plan that they had submitted for 2011, for just the Beaufort, and at that time the proposal was just to drill one exploratory well, and before we were too far down the road and doing that evaluation and assessment and they had provided quite a bit of additional spill response-related information to us, because of problems with getting an EPA permit they changed their plans and announced that they would not be looking to move forward in 2011.

We obviously heard the same things that you have about their intentions to move forward in 2012. I think they are going to have to obviously satisfy us that all elements of their plan and their individual permit applications are adequate, including with respect to containing a sub-sea blowout and dealing with other spill re-

sponse issues.

Now, as I said, the application for 2011, that is now off the table, was just for the Beaufort. If, in fact, they go forward with plans for the Chukchi, that is obviously another set of issues for us to ad-

To anticipate that and to help us with that we are doing a supplemental environmental impact statement in the Chukchi that goes beyond what the court had directed us to do, precisely to look at spill response-related issues in the wake of Deepwater Horizon.

So we agree with you that there are lots of important and significant issues that need to be addressed and that we will address if we get exploration plans filed as Shell says they will be and applications to drill along with those plans. We will not rubber stamp them. We will give them close scrutiny, and we will look at every aspect of their proposals.

Mr. HINCHEY. Well, thank you very much, and I deeply appreciate what you have just said and the way you are looking into this, and I think it is very appropriate and just exactly what needs

to be done. So thank you very much.

Mr. Bromwich. You are welcome.

Mr. SIMPSON. These are shallow water permits. Right?

Mr. Bromwich. I think they are all shallow water. I know the ones in the Beaufort were. I do not know exactly what Shell is going to propose in the Chukchi, but as you know, there is not a lot deep water in the Beaufort and the Chukchi, so I assume that they are shallow water.

Mr. SIMPSON. So far Shell has done everything that has been asked of them, have they not, except for the EPA and their review

panel?

Mr. Bromwich. Shell has done everything we have asked of them, has been very cooperative with us in supplying the information that we have requested. I have got no complaints or criticisms about Shell.

LEASES WITH VIABLE RESOURCES

Mr. SIMPSON. Just out of curiosity, sometimes to find out whether an acre that you have leased actually has oil in it or not, you actually have to drill. So it would be kind of hard to say how many acres are and why would you lease something if you knew there was not any oil down there or something? The number I have is that probably one out of four acres that are leased probably show no resources there.

Mr. Bromwich. I have been told as recently as yesterday that if

the companies bat one out of three, they are doing well.

Mr. SIMPSON. Okay. Well, I appreciate it. I appreciate all you have done. We look forward to working with you to make sure that BOEMRE and BOEM and BSEE and ONRR I will get used to those eventually that they come into existence and do the job that I think all of us want them to do, and we look forward to working with you on this year's budget.

Mr. Bromwich. Thank you very much for your support, Mr.

Chairman. I appreciate it.

Mr. SIMPSON. Thank you.

Hearing: Bureau of Ocean Energy Management, Regulation, & Enforcement (BOEMRE) / Office of Natural Resources Revenue (ONRR) FY 12 Budget Oversight Thursday March 17, 1:00pm Rayburn B308

Questions for the Record from Chairman Simpson

FY 12 BOEMRE Budget Request

The BOEMRE budget includes numerous increases for new staff, functions and programs. It is also clear that the Congress is simply not going to provide significant increases for the agency without assurances about how to measure the deliverables.

Simpson Q1: How will these changes and the accompanying budget request create a safer offshore drilling environment that still produces significant revenues?

ANSWER: Over the months during and since containment of the spill associated with the *Deepwater Horizon* explosion, multiple reviews and investigations – some still ongoing – have resulted in reports indicating the need for change. Bodies ranging from the President's Commission on the BP *Deepwater Horizon* Oil Spill and Offshore Drilling, the Department of the Interior's (DOI) Inspector General, the Department's own Safety Oversight Board, to multiple Committees of the House and Senate, have indicated the need for reform not only of the way the Department does business but of the way oil and gas operations are carried out on the Outer Continental Shelf (OCS).

Many of the recommendations presented in these reports have validated the administrative actions and reforms we have been undertaking at the Department to promote safety and science in offshore oil and gas operations. These changes were necessary to ensure that industry has the tools available to help prevent an accident like this from happening again, and they include the following:

- Implementation of strong new safety rules that raise standards for everything from drilling equipment and well design to casing and cementing; a requirement that companies establish comprehensive safety management programs; a requirement that operators demonstrate capability to deal with a catastrophic blowout; limiting the use of categorical exclusions so that proposed lease sales and drilling projects go through rigorous environmental reviews under the National Environmental Policy Act (NEPA); and requiring companies to put their signature on the line to state that their rigs comply with safety and environmental laws and regulations.
- Termination of the controversial royalty-in-kind (RIK) program, which accepted
 oil and natural gas from producers in lieu of cash royalty payments, in favor of a
 more transparent and accountable royalty collection system.
- Dissolution of the Minerals Management Service (MMS) with the transfer of minerals revenue management to the Office of Natural Resources Revenue

(ONRR) in the Office of the Secretary and creation of the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) as an interim organization while further structural changes are made.

- Development and implementation of regulations and guidance to operators responsive to the recommendations of the DOI Safety Oversight Board, the National Academy of Engineering, and the National Commission on the BP Deepwater Horizon Oil Spill.
- Completion of a review of ethics issues related to the Department's management of the OCS program and creation of the Investigations and Review Unit (IRU).
- Implementation of a recruitment strategy for BOEMRE to expand the field of inspectors and engineers.
- Establishment of the Ocean Energy Safety Advisory Committee to advise BOEMRE on issues related to offshore energy safety, including drilling and workplace safety, well intervention and containment, and oil spill response.
- Establishment of the National Training Center located in New Orleans to train BOEMRE engineers and inspectors on the latest offshore technology, equipment, and operating procedures and in how to properly conduct an inspection.

Our reforms are also backed up by our budget request, which includes \$506.3 million for the components of the former MMS to continue our efforts at reorganization and reform of both offshore energy development activities and mineral revenue collection, an increase of \$158.0 million or 45 percent over the 2010 enacted level. This includes a total program of \$358.4 million for BOEMRE, an increase of \$119.3 million over the 2010 enacted level, after adjusting for the transfer of mineral revenue collections to the new ONRR. The budget proposes to offset BOEMRE program funding with \$160.2 million in offsetting rental receipts and cost recoveries and \$65.0 million from oil and gas inspection fees.

The budget makes investments to increase capacity for leasing and environmental review, safety and environmental enforcement, and oil spill research. This request will enable the Department to hire over 100 inspectors and engineers, as well as other safety and enforcement staff, by the end of 2012. The 2012 budget includes funding for the IRU to respond to allegations or evidence of misconduct and unethical behavior; pursue allegations of misconduct by oil and gas companies involved in offshore energy projects; and to ensure the organization's ability to respond to emerging issues and crises, including spills and accidents.

Finally, the 2012 budget request also includes \$147.9 million for ONRR located in the Office of the Secretary. The proposed \$38.7 million increase over the 2010 enacted level will allow us to strengthen auditing and compliance efforts for royalty revenue

collections and to complete the transition of the RIK program to royalty-in-value collections.

Simpson Q2: What is the correlation between increased funding and the amount of NEPA documents completed and permits issued? What can we expect based on the dollars we appropriate?

ANSWER: The FY 2012 President's Budget requests a total of \$506.3 million for BOEMRE and ONRR. Of this total, \$358.4 million is requested for BOEMRE and \$147.9 million for ONRR; increases of \$119.3 million and \$38.7 million respectively over the FY 2010 enacted level.

BOEMRE's request is composed of funding increases for environmental resource management functions; safety and enforcement functions; and administration, savings, and other budget adjustments. The request also contains funding for an independent advisory board and an investigations and review unit. BOEMRE is requesting a total of 1,417 FTE, an increase of 321 over the FY 2010 enacted level. This request includes 52 FTE for NEPA and Environmental Studies staff that will allow us to meet increased environmental review requirements at both the pre-lease and post-lease stages. The reviews conducted by BOEMRE staff are necessary to ensure the safety and environmental soundness of oil and gas drilling and production on the OCS.

Additional resources are essential to effectively meet industry demand for an efficient, effective, transparent, and stable regulatory environment given the increased review that must occur. BOEMRE continues to review and approve applications that demonstrate the ability to operate safely and contain a subsea blowout in deep water. We have seen the rate of deepwater permit applications increasing, which reflects growing confidence in the industry that it understands and can comply with the applicable requirements, including the containment requirement. However, the need for additional resources is recognized and supported by industry, as evidenced by a letter, dated November 17, 2010, to the House and Senate Subcommittees on Interior, Environment, and Related Agencies signed by the American Petroleum Institute, the American Exploration & Production Council, the International Association of Drilling Contractors, the Independent Petroleum Association of America, the National Ocean Industries Association, and the U.S. Oil and Gas Association.

NEPA is the foundation of environmental policymaking in the United States with the intent of helping public officials makes decisions based on an understanding of environmental consequences and to take actions that protect, restore, and enhance the environment. BOEMRE produces NEPA documents for each of the major stages of energy development planning, including the overarching 5-Year Leasing Program Environmental Impact Statement (EIS), and each of the NEPA documents for the energy lease sales, exploration plans, and development and production plans.

Simpson Q3: Where will you hire the qualified and competent staff needed to implement these changes?

ANSWER: The FY 2012 budget request includes funding for engineers and scientists in a wide range of fields. I recently completed a recruitment tour with visits to 12 universities throughout the country to discuss the new environmental science-related career opportunities created through the bureau's re-organization, which revealed strong interest in available positions including offshore facility inspectors, engineers and environmental scientists. To support our recruitment efforts, BOEMRE is working with the U.S. Office of Personnel Management to obtain approval for compensation packages that are more competitive in relation to similar positions offered by the oil and gas industry.

Simpson Q4(a): Is there a correlation between dollars appropriated for BOEMRE and permits issued (or other metrics)? What outputs will the Congress see as a result of increased funding?

ANSWER: The budget changes will increase the return to the public on their resources; have industry – rather than taxpayers – pay for more stringent inspection costs, because it's appropriate, and creates incentives for lessees to develop oil and gas resources or turn their leases over to someone who will develop them in a timely way. The public will benefit from all of these activities. The Administration has not only made historic strides in improving the regulatory process but is continuing to process permits and offer lands for development. BOEMRE continues to review and approve applications that demonstrate the ability to operate safely in deep water. The rate of deepwater permit applications is increasing, which reflects industry's growing confidence that it understands and can comply with the applicable requirements, including the containment requirement. However, the need for additional resources to support this function is widely recognized and supported by industry. With the resources requested in the FY 2012 budget, BOEMRE will be able to hire additional personnel to provide for a thorough and timely review of permitting requests.

Simpson Q4(b): The Department has requested funds to hire new enforcement personnel which the Committee supports. Has BOEMRE made a similar request for additional permitting and environmental review staff so that permitting may return to an orderly fashion?

ANSWER: BOEMRE's request is composed of funding increases for environmental resource management functions; safety and enforcement functions; and administration, savings, and other budget adjustments. The request also contains funding for an independent advisory board and an investigations and review unit. BOEMRE is requesting a total of 1,417 FTE, an increase of 321 over the FY 2010 enacted level.

Forty-one additional FTE are requested to review and process industry requests related to: lease management, qualification, bonding and unitization, as well as requests for development activities, such as plan and permit processing and approval. A recently

published report by the Department of the Interior OCS Oversight Safety Board to the Secretary of the Interior states that the "Gulf of Mexico district offices are challenged by the volume and complexity of permit applications and the lack of a standardized engineering review protocol. In addition, the Pacific region's permitting staff is facing significant succession issues." It goes on to state that the workforce associated with regulating day-to-day activities has not increased proportionately to work demands, creating challenges in the need to balance an adequate analysis of permit requests with the need to be responsive to industry. For instance, Applications for Permits to Modify have increased by 71 percent from 1,246 in 2005 to 2,136 in 2009 in the New Orleans District. In the Pacific region, 80 percent of current permitting employees will be retirement eligible in the next 2.5 years. This request also includes 52 FTE for NEPA and Environmental Studies staff that will allow us to meet increased environmental review requirements at both the pre-lease and post-lease stages. The requested funds will enable BOEMRE to ensure that staffing levels are commensurate with increasing workloads. The reviews conducted by BOEMRE staff are necessary to ensure the safety and environmental soundness of oil and gas drilling and production on the OCS.

Simpson Q5: What metrics should the Congress use to measure the performance of the Bureau? Should we be able to expect that a certain increase in budget will result in a certain level of permitting activity? Please provide to the Committee a strategy for how progress and performance can be clearly measured.

ANSWER: The Department is committed to developing energy resources in a responsible manner. Following the Deepwater Horizon explosion and subsequent oil spill, the Department has undertaken extensive reforms to its energy programs to improve safety and environmental protection. The reforms included the establishment of BOEMRE to replace the MMS; transferring revenue management programs to ONRR under the Assistant Secretary - Policy, Management and Budget; planning to restructure ocean energy management programs into new entities that will continue the Department's focus on energy management and safety and environmental enforcement; expanding inspections; and issuing new regulations, standards, and guidance to ensure safety and environmentally sound operations on the OCS. Among the new performance measures in the latest Strategic Plan for FY 2011 to FY 2016 that encompass BOEMRE include: the amount (in barrels) of operational offshore oil spilled per million barrels produced; and the number of recordable injuries per 200,000 offshore man hours. The Department-wide Strategic Plan has recently been completed and bureaus are now in the process of reviewing performance measures that are specific to their agency. BOEMRE is in the process of evaluating potential performance measures for permitting.

Division of BOEMRE to BOEM & BSEE

By the end of this fiscal year, the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) will be divided into two separate agencies—the Bureau of Ocean Energy Management, which will handle permits and leasing, and the Bureau of Safety and Environmental Enforcement, which will handle inspections and enforcement.

Simpson Q6: Given the lack of coordination between many agencies within the Department of the Interior, are you concerned that these two agencies might not work well together—i.e. reduced efficiency and further delays of oil and gas development?

ANSWER: BOEMRE continues to move forward with the fundamental reorganization and reform of the former MMS. In the place of MMS, we are establishing three strong, independent agencies, each possessing clearly defined roles and missions. As became clear immediately after Deepwater Horizon and is discussed in the Report of the National Commission on the BP Deepwater Horizon Oil Spill and offshore Drilling (Commission), MMS- with its conflicting missions of simultaneously promoting resource development, enforcing safety regulations, and maximizing revenues from offshore operations, and due to a chronic lack of resources - could not keep pace with the challenges of overseeing industry operating in U.S. waters. The reorganization of the former MMS is designed to remove those conflicts by segregating missions across the three new agencies and providing each of the new agencies with the clarity of mission and resources necessary to fulfill its regulatory responsibilities. We are designing and implementing these organizational changes while respecting the crucial need for information-sharing and the other links among the functions of the former MMS. Recognizing and respecting these operational issues is essential to ensuring that the regulatory processes related to offshore leasing, plan approval, and permitting are as efficient as possible.

The structure and functions of the new bureaus, Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE), are the result of a thorough and rigorous analysis undertaken deliberately but efficiently over the past several months. We undertook the process in this way to ensure that we address the structural and conflict of interest problems that existed in the former MMS and to plan for the orderly establishment of the new agencies. We have worked with and received advice from leading experts in government transformations. We have also examined closely the offshore regulatory regimes of other nations, including those of the United Kingdom and Norway. A central aspect of designing these new bureaus - and of ensuring that we can implement these changes while minimizing the disruptions to BOEMRE's daily operations - has been the involvement of BOEMRE career personnel. We discussed the reorganization with employees throughout BOEMRE and received their input; we collected and analyzed data relating to the bureau's processes, systems and regulatory metrics; and we developed a number of alternative models and options, which we discussed with BOEMRE career leadership, for restructuring and reforming the bureau. Finally, we also are considering, and will continue to bear in mind, the recommendations of the Commission, which has done its own analysis of these issues and recommends organizations that are in overall general alignment with BOEM and BSEE.

Simpson Q7: How will you prevent this?

ANSWER: The first step of the reorganization was completed on October 1, 2010, when the revenue collection arm of the former MMS was moved to a different part of the Interior

Department with reporting responsibilities and a chain of command completely separate and distinct from the offshore regulator. By the end of the current fiscal year we intend to complete the separation of the former MMS's resource management and leasing functions from its safety and environmental enforcement authority. This change is designed to address the remaining fundamental conflict that existed within the former MMS - between the promotion of offshore energy development through leasing and plan approval decisions and the responsibility for ensuring that offshore operations are conducted safely and with appropriate protection for the environment. These two new bureaus are BOEM and BSEE.

BOEM will be responsible for managing the development of the nation's offshore resources, including oil, gas, and renewable resources. This mission involves ensuring that the nation's offshore energy resources are developed wisely, economically and with appropriate protections for the environment. The structure that we have developed and that we are implementing ensures that effective reviews of the environmental impacts of proposed projects are closely analyzed and well-understood; that these impacts are given appropriate weight during decision-making related to resource management; and that the appropriate balance is struck. These processes must be both rigorous and efficient so that operations can go forward in a timely way and with confidence that appropriate steps to mitigate potential environmental effects are taken.

By establishing BSEE as the offshore safety authority, we are separating resource management from safety oversight. This will provide the engineers who review permit applications and the inspectors who ensure compliance with our workplace and drilling safety regulations, with greater independence, more budgetary autonomy, and clearer focus. The mission of BSEE will be to independently and rigorously enforce safety and environmental regulations. Our goal is to create a tough-minded, but fair, regulator that can effectively keep pace with the risks of offshore drilling and will promote the development of a safety culture in offshore operators. We are working now to establish within BSEE a new environmental compliance and enforcement function, which never existed in the former MMS. Through BSEE, we also will establish the review and enforcement of oil spill response plans as an area of national-level focus and oversight in order to foster better coordination with other Federal agencies involved in oil spill response.

Simpson Q8: What is your detailed plan to ensure the two agencies work together?

ANSWER: As part of our broad and continuing reform efforts, we have created 11 implementation teams that have been hard at work for several months and are the central organizational focus for our efforts to analyze critical aspects of BOEMRE's structures, functions, and processes. These teams are necessary in their own right, but they are also integral to our reorganization efforts. These teams are considering the various recommendations for improvement that we have received from several sources, including the Commission, the National Academy of Engineering, and the Offshore Safety Oversight Board commissioned by Secretary Salazar. These teams are laying the foundations for lasting change to the way BOEMRE does business.

The key areas and issues that these teams are working on include:

- Permitting: We have a team devoted to reviewing and improving BOEMRE's
 drilling permit review and approval process, which is central to ensuring that
 proposed drilling operations will be conducted safely and that permit
 applications are reviewed in a timely and efficient manner.
- Inspections: We have several teams that are focused on various issues associated with developing effective, risk-based approaches to our offshore inspections programs. We also are developing the infrastructure and recruiting the expert personnel necessary to effectively monitor the highest risk operations, such as deepwater drilling operations. Such monitoring of industry performance during critical phases of drilling operations is a capacity that we feel strongly must be developed, and is consistent with the findings and recommendations of the National Academy of Engineers. We are developing new training programs and curricula for inspectors, supervisory inspectors, and engineers involved in BOEMRE's safety compliance and enforcement programs.
- Regulatory Enforcement: We are evaluating the adequacy of the enforcement tools we have employed, including the system for documenting and tracking incidents of non-compliance with our regulations, the adequacy and use of civil penalties, and the process for evaluating operator qualifications and the system for debarring unsafe operators. We are reviewing potential gaps in our regulations, including a thorough review of the regulatory standards used by other countries, and we are exploring how to enhance the civil penalties available for violations of BOEMRE's safety and environmental regulations.
- Environmental Compliance and Enforcement: We are designing new inspection and enforcement programs relating to environmental compliance, that have never previously existed in the agency.
- Incident Investigations: We are evaluating and developing investigative
 procedures relating to specific categories of accidents and incidents, including
 industrial accidents on rigs and platforms, fires, and oil spills.
- Oil Spill Response: We are conducting a comprehensive review of oil spill
 response and the adequacy of operators' oil spill response plans (OSRPs). This
 team is working closely with the Coast Guard and other Federal agencies to
 develop enhancements to regulations governing OSRPs and more effective
 reviews of those plans in light of lessons learned from the *Deepwater Horizon*oil spill.
- Safety and Environmental Management Systems (SEMS): We are designing an
 oversight and auditing program for operators' compliance with the new
 requirements of the Workplace Safety rule, which represents a significant

advance in the promulgation of performance-based standards for safety and environmental protection.

Interdependencies: Our teams are focusing specifically on identifying where the
responsibilities and processes of the two new bureaus intersect, and we're
developing procedures to ensure we work together to effectively meet each
bureaus responsibilities.

All of these measures will help us ensure the rigorous and independent oversight of offshore drilling.

Simpson Q9: With two new Bureaus, does the division of permitting and leasing from environmental enforcement really ensure timely and environmentally appropriate oil and gas development in the Outer Continental Shelf? What about the accountability of each bureau—especially when we often see agencies blame other agencies for a lack a results?

ANSWER: BOEMRE has been aggressively pursuing a reform agenda that addresses many of the drilling safety, environmental protection, and regulatory oversight issues recently identified in the final report of the National Commission on the BP *Deepwater Horizon* Oil Spill and Offshore Drilling (Commission). We have been moving forward with the fundamental reforms and new regulatory measures necessary to improve the safety of offshore drilling, as well as enhance protection of the ocean and coastal environments. At the same time, we are working every day to allow safe drilling and production operations in the Gulf of Mexico to continue in order to keep production flowing and people working in an industry that is crucial to our Nation's economy and energy independence.

The challenges presented by offshore oil and gas development — for both industry and government — are substantial, and so are the changes that are necessary. The reorganization of the former MMS will provide clarity of mission and strengthen oversight. We also have established heightened standards for drilling practices, safety equipment, and environmental safeguards. These new rules set forth prescriptive standards that industry must meet, as well as establishing, for the first time in the history of the U.S. offshore regulatory system, performance-based standards focused on identifying and establishing barriers against specific risks associated with offshore drilling operations.

These reforms are substantial and much work is being done to ensure that the change we are seeking to implement is both lasting and effective. Our ultimate goal is to promote a culture of safety within industry and to serve as aggressive regulators who have the tools and expertise necessary to do the job. The reforms that we are pursuing are necessary to allow government oversight and safety measures to keep pace with the challenges and risks of offshore drilling, particularly as those operations push into deeper water and new frontiers, such as the Arctic, and face increased technical challenges.

In your testimony you mention that as each bureau becomes further established, you will need additional funds.

Simpson Q10: Do you mean that you'll increase the request for ocean management again next year—beyond the \$358 million already requested this year?

ANSWER: BOEMRE has laid the groundwork for far-reaching organizational change. The success of our reforms now depends in large part on providing the new agencies with the financial resources, tools, training and culture to be effective. Improving the safety of offshore drilling and the effectiveness of government oversight of this inherently risky activity will require a substantial infusion of resources into the offshore regulator as requested in the 2012 Budget.

As detailed in the Commission's Report, MMS never had the resources necessary to provide the rigorous and effective oversight of offshore oil and gas activity that is necessary. This weakness became more significant as industry continued its pursuit of higher-risk projects in deepwater and other frontier areas such as the Arctic. We agree with the Commission's strong recommendation for a substantial increase in the resources devoted to government oversight of offshore activities because an effective regulator is so clearly in the public's -and in industry's-interests.

Industry expressed its support for providing additional resources to BOEMRE in a letter, dated November 17, 2010, to the House and Senate Appropriations Subcommittees on Interior, Environment, and Related Agencies, signed by the American Petroleum Institute, the American Exploration & Production Council, the International Association of Drilling Contractors, the Independent Petroleum Association of America, the National Ocean Industries Association, and the U.S. Oil and Gas Association.

Goals for Domestic Energy Production

The Department has been an outspoken proponent of renewable energy and your budget request reflects that interest again this year. The administration has outlined very specific goals for domestic renewable energy production.

Simpson Q11: Should the administration have similar goals for domestic oil and gas production to ensure that we are making progress toward decreasing our reliance upon foreign sources of oil?

ANSWER: On May 14, 2011, President Obama laid out his strategy to continue to expand responsible and safe domestic oil production, leveraging existing authorities as part of his long-term plan to reduce our reliance on foreign oil. The President directed the Department to conduct annual lease sales in Alaska's National Petroleum Reserve—while respecting sensitive areas, to speed up the evaluation of oil and gas resources on the OCS in the mid and south Atlantic, and to create new incentives for industry to develop their unused leases both on and offshore. Also, to give companies more time to meet

higher safety standards for exploration and development, the Department is extending drilling leases in the Gulf of Mexico that were impacted by the temporary moratorium, as well as certain leases off the coast of Alaska. The Administration is also establishing a new interagency working group to ensure that Arctic development projects meet health, safety, and environmental standards.

As the Department looks to the future and identifies areas to offer for oil and gas development under the next five-year program, decisions will be based upon the best scientific information available. The Department is producing an Environmental Impact Statement (EIS) to support completion of the 2012 - 2017 OCS leasing program. The EIS will inform our decisions on when and where to offer leases and will help identify specific requirements that may be needed to ensure potential risks to the environment are appropriately managed and mitigated.

Increasing domestic energy production is an important part of a strategy to decrease oil and gas imports and new leasing is only one mechanism. As the Department's March 29, 2011, Report to the President (Oil and Gas Lease Utilization – Onshore and Offshore, Report to the President) provided, there are millions of leased acres that have not been developed, onshore and offshore. These are resources that belong to the American people, and they expect those supplies to be developed in a timely and responsible manner and with a fair return to taxpayers. According to the Report, more than 70 percent of the tens of millions of offshore acres under lease are inactive, neither producing nor currently subject to approved or pending exploration or development plans. This includes almost 24 million inactive leased acres in the Gulf of Mexico, which potentially could hold more than 11 billion barrels of oil and 50 trillion cubic feet of natural gas. The Department has proposed policies such as instituting a non-producing lease fee to provide companies with additional incentives for more rapid development of oil and gas resources from existing and future leases. The Department continues to consider additional policy options with the intent to encourage diligent development of domestic energy resources.

Simpson Q12: You are now in the scoping process of the next 5 year plan for the OCS. What production goals would you like to be realized as a part of that 5 year plan and how are you proposing to achieve that?

ANSWER: Although the future of OCS exploration and production remains very promising, BOEMRE does not set targets for production nor make projections of the Gulf's share of total domestic production.

Simpson Q13: Under what 5 year plan are you operating?

ANSWER: BOEMRE is operating under the Revised OCS Oil and Gas Leasing Program: 2007-2012 which was effective December 23, 2010. It replaced the original version of the OCS Program for 2007-2012, which became effective on July 1, 2007, but was challenged in court.

Simpson Q14: Please provide the current leasing program based on the current 5 year plan.

ANSWER: BOEMRE is operating under the Revised OCS Oil and Gas Leasing Program: 2007-2012 and will hold Western and Central Gulf lease sales by mid-2012—including the Western and Central Gulf of Mexico lease sales that were postponed last year—consistent with the strengthened environmental review in light of lessons learned from the *Deepwater Horizon* oil spill. Up to date information concerning this leasing program is maintained on BOEMRE's website at the following address - http://www.boemre.gov/5-year/2007-2012LeaseSaleSchedule.htm

New Fees

Simpson Q15: After all the pressure of the last year for BOEMRE to issue permits, are you still of the opinion that industry does not want to diligently pursue oil and gas development on federal leases?

ANSWER: Based upon the positive response to the President's recent announcement on the holding of the western and central Gulf of Mexico lease sales by the middle of next year it is clear that industry has a strong interest moving forward with oil and gas development in Federal waters.

Increasing domestic energy production is an important part of a strategy to decrease oil and gas imports and new leasing is only one mechanism. As the Department's March 29, 2011, Report to the President (Oil and Gas Lease Utilization – Onshore and Offshore, Report to the President) provided, there are millions of leased acres that have not been developed, onshore and offshore. These are resources that belong to the American people, and they expect those supplies to be developed in a timely and responsible manner and with a fair return to taxpayers. According to the Report, more than 70 percent of the tens of millions of offshore acres under lease are inactive, neither producing nor currently subject to approved or pending exploration or development plans. This includes almost 24 million inactive leased acres in the Gulf of Mexico, which potentially could hold more than 11 billion barrels of oil and 50 trillion cubic feet of natural gas. The Department has proposed policies such as instituting a non-producing lease fee to provide companies with additional incentives for more rapid development of oil and gas resources from existing and future leases. The Department continues to consider additional policy options with the intent to encourage diligent development of domestic energy resources

Simpson Q16: If these companies are also paying rentals from the time they have leased the parcel until the parcel either enters into production or is relinquished, what is the difference between a non-producing fee and a rental?

ANSWER: The fee on non-producing oil and gas leases is a legislative proposal that will encourage energy production on lands and waters leased for development. A \$4.00 per acre fee on non-producing Federal leases on lands and waters would provide an added financial incentive for oil and gas companies to either get their leases into production or

relinquish them so that the tracts can be leased to and developed by new parties. The proposed \$4.00 per acre fee would apply to all new leases and would be indexed annually.

Simpson Q17: Isn't this just a budget gimmick to charge a second time for the same purpose (i.e. both a rental and a non-producing fee)?

ANSWER: In October 2008, the Government Accountability Office issued a report critical of past efforts by Interior to ensure that companies diligently develop their Federal leases. Although the report focused on administrative actions that the Department could undertake, this proposal requires legislative action. This proposal is similar to other non-producing fee proposals considered by the Congress in the last several years. The fee is projected to generate revenues to the U.S. Treasury of \$25.0 million in FY 2012 and \$874 million over ten years.

Simpson Q18: Currently, if lessees aren't 'diligently' pursuing development and production, BOEMRE has the authority to force companies to relinquish leases. Why hasn't BOEMRE exercised this authority if the timely development of leases is such a problem?

ANSWER: Relinquishment is a term normally used in the case where a lessee voluntarily gives up the lease before the end of its primary term. BOEMRE has the authority to terminate a lease. Our diligence policy is based on the primary term of the lease, which can be extended only by production, ongoing drilling operations or a directed or granted suspension. Typically, we would only terminate a lease if a company violated the terms of the lease (e.g., failed to make rental payments).

Simpson Q19: What is your relinquishment rate and how many relinquishments have you received in the past 10 years?

ANSWER: Relinquishment of a lease is a voluntary decision of a lessee to give up a lease before the end of the lease term. Below is the number of relinquishments processed and approved in the Gulf of Mexico by fiscal year. This information shows ten full years of data including the count thus far for FY 2011.

Fiscal Year	Relinquished Leases
2001	281
2002	254
2003	309
2004	264
2005	225
2006	344
2007	264
2008	205
2009	461
2010	385
2011	203

Oil & Gas Production

Simpson Q20: With seven deepwater permits now having been granted, when can we expect the next lease sale to take place?

ANSWER: Since February 28, 2011, and as of June 1, 2011, the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) has approved 15 deepwater drilling permits that comply with rigorous new safety standards implemented in the wake of the *Deepwater Horizon* explosion and resulting oil spill. This includes satisfying the requirement to demonstrate the capacity to contain a subsea blowout. As was announced by the President in May 2011, lease sales in the western and central Gulf of Mexico that were postponed last year will be held by the middle of next year.

Simpson Q21: How many lease sales can we expect between now and the end of the 5 year plan in FY12?

ANSWER: Significant strides in reforming the way the offshore oil and gas program is carried out at the Department and on the OCS have been made. The Administration is committed to the responsible development of oil and gas on Federal land and waters and to reduce our dependence on energy developed by foreign sources. As announced by the President, lease sales in the western and central Gulf of Mexico that were postponed last year will be held by the middle of next year.

Simpson Q22: For the current 5 year plan (2007-2012) how many leases have been issued?

ANSWER: As of June 1, 2011, BOEMRE has issued 3,321 leases under the 2007-2012 OCS Oil and Gas Program.

Gas Prices & Demand

As you're well aware, gas prices have increased significantly and we clearly need more domestic production.

Simpson Q23: How is BOEMRE going to respond to this increased need?

ANSWER: The Department knows that the recent crude oil price increases, which translate into higher prices at the pump, have many causes, including the global economic recovery and unrest abroad. Recent price rises have been the result of external factors, coupled with continued significant global oil demand. The Administration is working to reduce oil demand through efficiency, technology, and conservation and to increase domestic production in a manner that is safe and protects our environment.

Simpson Q24: Are you looking at expediting the reorganization of BOEMRE so that leases and permits can be issued in a more timely matter?

ANSWER: BOEMRE is transparent in reporting the status of permits submitted. BOEMRE approves permits as they are submitted if they meet the heightened safety requirements. The status of the permits is available on BOEMRE's website. The website below provides the status of submitted, approved, withdrawn, and pending permits and is updated daily.

http://www.gomr.boemre.gov/homepg/offshore/safety/well permits.html

Simpson Q25: How much could oil & gas under BOEMRE's jurisdiction help with the demand in the US and rising gas prices?

ANSWER: On May 14, 2011, President Obama laid out his strategy to continue to expand responsible and safe domestic oil production, leveraging existing authorities as part of his long-term plan to reduce our reliance on foreign oil. The President directed the Department to conduct annual lease sales in Alaska's National Petroleum Reserve — while respecting sensitive areas, to speed up the evaluation of oil and gas resources on the OCS in the mid and south Atlantic, and to create new incentives for industry to develop

their unused leases both on and offshore. Also, to give companies more time to meet higher safety standards for exploration and development, the Department is extending drilling leases in the Gulf of Mexico that were impacted by the temporary moratorium, as well as certain leases off the coast of Alaska. The Administration is also establishing a new interagency working group to ensure that Arctic development projects meet health, safety, and environmental standards.

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Alaska Oil Drilling

Simpson Q26: What is the status of leasing and drilling off the coast of Alaska?

ANSWER: There are currently 670 Federal leases in the OCS offshore Alaska—183 in the Beaufort Sea and 487 in the Chukchi Sea. No additional lease sales are planned for Alaska OCS waters under the 5-Year Program for 2007 to 2012. The Beaufort Sea, Chukchi Sea and Cook Inlet Planning Areas are being analyzed in the EIS for the next 5-Year Program for 2012 to 2017. Currently, one OCS field is producing (the joint statefederal Northstar field), and another is being considered for development (Liberty). No drilling is taking place in OCS offshore Alaska, but two Exploration Plans have been submitted for review that could result in exploratory drilling in the Beaufort and Chukchi Seas.

Simpson Q27: From an engineering and geologic standpoint, what is the probability of a spill in Beaufort and Chukchi compared to the Gulf of Mexico?

ANSWER: In terms of engineering, oil spill occurrence indicators were quantified for future offshore exploration and development scenarios in the Beaufort and Chukchi Sea areas of BOEMRE jurisdiction using fault tree analyses (Bercha Group, Inc., 2006, 2008). The quantification included the consideration of the variability of historical Gulf of Mexico and future scenario data, as well as that of Arctic effects in estimating oil spill occurrence indicators. Generally, it was found that Gulf of Mexico spill indicators were likely to be higher than those for a similar scenario in the Arctic.

Geologically, the offshore Arctic, and Gulf of Mexico are very different, but both areas have spill risk. All current lease activity in the offshore Arctic is in shallow water, depths of a few hundred feet or less, and in well-indurated rocks of relatively great age. In contrast, the Gulf of Mexico has abundant drilling activity in waters many thousands of feet deep. Gulf of Mexico drilling typically involves poorly indurated rocks of a much younger age. Modest formation pressures are encountered in the offshore Arctic but the structural complexity, salt bodies and extremely high sedimentation rates result in higher pressures in the Gulf of Mexico and more complicated pressure distributions. Tens of thousands of safely-drilled wells occur in the Gulf of Mexico; the small number of wells (35) in the offshore Arctic introduces uncertainty for new exploration wells. Recognizing this uncertainty, drilling programs will proceed with great caution, reducing the probability of an uncontrolled discharge.

Office of Natural Resource Revenue

Though the new Office of Natural Resource Revenue has been moved to the Office of the Secretary, it seems very similar to the former MMS—it has many of the same employees, it's located in Denver and it will carry out the same functions.

Simpson Q27: How will this ensure that past problems and scandals won't continue?

ANSWER: The reorganization of ONRR took place as planned and without disruption. The new organizational structure reduces the potential for internal mission conflicts by separating the revenue collection activities from the leasing activities in BOEM and the environmental and safety regulatory activities in BSEE. This new structure also creates the opportunity for greater focus on specific opportunities to improve the management of mineral revenues, the human capital focus, and the communications with other offices. The reorganization presented an opportunity for ONRR to initiate a top to bottom strategic review to concentrate the efforts on the continued improvement of the Department's revenue management activities. Through this effort ONRR assessed potential improvements and developed a framework for implementing current and future activities to eliminate any conflicts of interest. ONRR is currently investing resources to implement initiatives that will allow us to achieve the organization's three top priority goals: (1) collect every dollar due; (2) disburse accurate revenues and information; and (3) restore ONRR's credibility with the American public.

Simpson Q28: What will the funding increase be used towards and how will it improve accountability with royalty revenues?

ANSWER: The FY 2011 Operating Plan for this year's appropriation funded many of ONRR's increase requests. The remaining increases included in the President's Budget for FY 2012 include:

- \$5.5 million for the second of three years of the RIK transition. This request in
 discretionary appropriations is not a net increase in overall funding, since these
 funds are, in effect, replacing mandatory funding that was available from RIK
 receipts in FY 2011 and earlier years.
- \$5.3 million and 13 FTE for production verification and measurement inspectors.
- \$2.0 million and 12 FTE to perform data mining reviews to increase early detection of missing or inaccurate royalty payments.
- \$0.4 million for fixed costs.

Oil and Gas Royalty Collection

The GAO has recently designated the collection and management of Federal oil and gas resources as a government-wide high risk issue. In testimony before the Committee, the GAO and the Department's own Inspector General, Mary Kendall, said revenue collection has remained a top management challenge for over 10 years resulting in the loss of billions of dollars to the U.S. Treasury.

Simpson Q29: Why has this particular issue remained unaddressed for so long?

ANSWER: Because ONRR is entrusted with an important fiduciary role; we value the continued oversight we receive from the Government Accountability Office (GAO), the Office of Inspector General (OIG), and other external organizations. Since FY 2003, ONRR has been the subject of 40 external audits, evaluations, and reviews and 80 internal control reviews. ONRR has diligently implemented many previous external recommendations and is working to further implement needed reforms. Fiscal Year 2012 funding is critical to facilitate the implementation of many of the remaining internal and external audit recommendations.

Simpson Q30: What specifically is ONRR ('honor') doing to address these concerns?

ANSWER: In recent years our program has:

- Made improvements to our accounting and detection system by adding more up front system edits to put the emphasis on industry to report correctly;
- Undertaken a new data mining effort to provide earlier detection of missing or inaccurate royalties;
- Implemented a comprehensive risk-based audit and compliance program to target underpayments and to ensure that royalties do not go uncollected;
- Strengthened our enforcement efforts; and

 Solidified our partnership with the OIG and the U.S. Attorney's Office to jointly pursue companies that intentionally underpay.

The FY 2012 President's Budget provides the necessary resources to implement the revenue management reforms highlighted by recent GAO and OIG reports, complete the reorganization of ONRR, and improve the Department's revenue management activities.

Simpson Q31: I applaud many of your efforts to improve royalty accountability and collection, but still have a few questions. It seems that the budget is proposing that ONRR do all the work related to royalty collection and oversight. I know there are private companies that already do this type of work for private mineral estate owners that want to ensure they're paid for the minerals removed from their land.

Has ONRR looked into contracting some of this work?

ANSWER: Yes. Since 1992, our organization has funded the State and Tribal Cooperative and Delegated Audit Program through appropriated dollars. Through these contract agreements, States and Tribes are empowered to perform audits on mineral royalties within their State borders and on their reservations. In FY 2011, as part of this State and Tribal Audit program, ONRR contracted audit work with 10 States and 7 Tribes, encompassing lands producing more than 90 percent of all State and tribal mineral revenues. ONRR relies on these States and Tribes to perform audit activities on an estimated \$3.3 billion in royalty payments annually.

Some key issues when considering the possibility of contracting out additional ONRR functions:

- In FY 2005, our organization completed a streamlined competitive sourcing study for 40 auditor positions, in accordance with OMB Circular A-76. The result of the study was that our in-house costs were less than estimated costs for outside contractor performance, and the decision was to retain the function in-house.
- Some of ONRR's mission responsibilities require the exercise of sovereign government authority by the Secretary of the Interior and/or involve oversight of monetary transactions, making them inherently governmental, per OMB definition.
- Contracting out ONRR's functions to private sector entities could raise conflict of interest issues, as most firms that could perform ONRR's auditing and accounting work likely have some tie to the oil and gas industry.

Simpson Q32: Is it realistic, with the reorganization and numerous other items under ONRR, that the agency can also hire and train staff for royalty verification in a timely matter?

ANSWER: ONRR does not anticipate any problems hiring and training new staff in a timely matter. Our FY 2011 Operating Plan included many of the new FTE requested in both the FY 2011 and FY 2012 President's Budgets. Recent applicant pools have

included strong candidates and we are successfully training new employees and incorporating them into existing teams throughout ONRR.

Royalty in Kind Program Transition

The FY12 ONRR budget is asking for an increase of \$5.5 million compared to the FY11 CR estimate and an increase of \$12.6 million compared to FY10 because of the cancellation of the Royalty in Kind program and the revenue receipts that are no longer collected for indirect and direct costs. The BOEMRE budget request includes numerous new and increased fees as does much of the Department of the Interior's budget.

Simpson Q33: Why doesn't ONRR ('honor') also request legislative language to allow the collection of revenue for direct and indirect costs? This may not impact the Treasury, but it does impact the Subcommittee.

ANSWER: The public received about \$9 billion in 2010 from fees, royalties, and other payments related to oil, gas, coal, and other mineral development on Federal lands and waters. The budget proposes a number of actions to receive a fair return from the continued development of these vital U.S. mineral resources and eliminates inefficient fossil fuel subsidies that impede investment in clean energy sources and undermine efforts to address the threat of climate change. Together, these changes are expected to generate approximately \$3 billion in savings to the Treasury over 10 years. The Department appreciates the fiscal circumstances that the Nation and the Congress face and is willing to work with Congress to explore additional funding options.

Simpson Q34: Now that ONRR has ended the Royalty in Kind (RIK) program, how will it determine the value of Royalty in Value (RIV)?

ANSWER: We will continue to determine the value of royalties taken in value in accordance with the valuation regulations in 30 CFR Part 1206.

Simpson Q35: How many times has the agency (including MMS) been sued over the determination of the 'value' for RIV?

ANSWER: Over the last five years, except for *qui tam* cases under the False Claims Act, ONRR has been involved in 10 lawsuits, involving the determination of value for royalty in value. As a part of the Department's overall regulatory reform initiative to offer greater simplicity, certainty and clarity, the Department recently published two Advance Notices of Proposed Rulemaking, to solicit comments and suggestions on possible new methodologies to establish the royalty value for Federal oil and gas and for Federal and Indian coal. The goal of this royalty initiative is to make the regulations easy to understand, reduce the cost of compliance for both the government and industry, and provide early certainty to industry and ONRR that companies have paid every dollar due.

Transitional Programs

The ONRR budget includes requests for many transitional programs including Secretary Reorganization Transfer and Administration (+\$10.1 million) and Integration of Compliance Tools (+\$1.7 million—in its second year of a two-year effort). As you know, once a program is created or an agency budget increased, it's very difficult to end a program or decrease that budget.

Simpson Q36: Will ONRR continue to request funding for these programs? For how many additional years? Why?

ANSWER: Reorganizing and integrating ONRR within the Office of the Secretary with minimal disruption is critical to ensuring the full and fair receipt of royalties owed by producers. As the transition of ONRR continues, implementation issues will be identified such as assessing the impacts to budget, workforce, business processes, oversight functions and lines of control, systems and information technology, physical location, and administrative functions.

ONRR envisions utilizing outside management consultants with specific expertise in revenue management structures to inform the development of controls and procedures. Mitigation strategies will be developed to address the implementation issues and an accelerated implementation plan will be developed. After the migration is complete, ONRR will undertake an organizational effectiveness analysis to identify opportunities to improve performance in all areas of ONRR operations. This will include a risk assessment to identify the risks inherent in the existing organizational structure and business processes, as well as an assessment of the adequacy of existing controls. At the conclusion of the analysis, a set of recommendations regarding organizational structure, internal controls, checks and balances, and performance metrics will be developed. The recommendations will be prioritized and implemented in a phased manner.

Equally important will be the impact of the planned migration on completing modifications to address recommendations from the OIG, GAO, and Royalty Policy Committee. Many of the modifications involve transferring operations for improving the Mineral Revenue Management Support System, the primary data system currently used to collect royalties.

As the continued incorporation of ONRR into the Office of the Secretary proceeds, the Department will utilize the requested funds to ensure the American taxpayer receives a fair return for its mineral resources.

Questions for the Record from Ranking Member Moran

Interior's Oil and Gas Management on the Feb. 2011 Governmentwide High Risk List for Potential Fraud, Waste or Abuse

(For both witnesses) As we heard at our GAO hearing on the Interior Department a couple weeks ago, Interior's onshore and offshore oil and gas management is now on the GAO high risk list for potential fraud, waste or abuse.

Moran Q1: Do you agree with that assessment? Do you think that all of the steps you are taking to reform Ocean Energy and Natural Resource Revenue will result in the GAO removing you from this notorious list?

ANSWER: The GAO's high risk report identified three major shortcomings in Interior's revenue collection policies, including ensuring that (1) the Federal government receives a fair return on its oil and gas resources, (2) Interior completes its oil and gas production verification inspections, and (3) Interior's data on production and royalties are consistent and reliable.

GAO's high-risk list referenced GAO reports issued in FY 2008 – 2011. Implementation of GAO's recommendations will help remove DOI from GAO's next high-risk list to be issued in 2013 for the next Congress. Recommendations from GAO reports are being implemented by ONRR, BOEM, BSEE and BLM. In FY 2012, BOEM and BSEE will implement 35 audit recommendations: two recommendations from GAO's report on production verification (GAO-10-313) and 33 recommendations from Office of Inspector General (OIG) report in response to *Deepwater Horizon* entitled, *A New Horizon:* Looking to the Future of the Bureau of Ocean Energy Management, Regulation and Enforcement. In its report, the OIG made a total of 64 recommendations for BOEMRE to implement in FY 2011 (30), FY 2012 (33), and FY 2014 (1).

ONRR has a comprehensive risk-based audit and compliance program to target underpayments and to ensure that royalties do not go uncollected. On average, over the last 5 years, the Department's audit and compliance program collected payments of approximately \$110 million a year from companies. These amounts represent companies' underpayments in their initial voluntary reporting, which were discovered through ongoing compliance activities.

In 2008, the former MMS agreed with GAO, that detection of missing royalty reports cannot wait until an audit is performed. Since GAO's 2008 report, ONRR has undergone several reforms to catch underreporting sooner and ensure that the right revenues are being collected. Up front system edits now put more emphasis on industry to report correctly through a series of royalty and production edits to ensure that data is correct before it arrives at ONRR. Current technology and system capabilities have opened new avenues for ONRR to identify and analyze erroneous data on a real-time basis. The ONRR has initiated a data mining effort to provide earlier detection of missing or inaccurate royalties. In our FY 2012 Budget request, we are seeking funding of \$1.98

million and 12 FTE to expand data mining reviews addressing earlier detection of missing or inaccurate royalties in direct response to GAO's recommendation. The ONRR is also taking preliminary steps to evaluate alternative methods of collecting output data.

Moran Q2: Do you agree with the GAO assessment of the US government "take" of oil and gas revenue compared to other countries? Give us a feel for what kind of revenue loss is involved here. Does Interior have the administrative authority to enhance its revenue collection?

ANSWER: Assuring receipt of fair market value on OCS lands is mandated by the OCSLA and its amendments and remains a critical responsibility of the BOEMRE. Regional offices, in conjunction with headquarters oversight, perform the functions necessary to thoroughly assess the oil and gas potential and fair market value of OCS tracts offered for lease.

GAO recommended Interior conduct a comprehensive review of the Federal oil and gas system using an independent panel. More recently, in response to the GAO report, Interior has commissioned a study that will include such a reassessment, which the Department expects will be complete in 2011. The results of the study may reveal the potential for implementing policies that result in greater revenues to the Federal government.

Moran Q3: *Mr. Gould,* the GAO also noted that BLM has not met its statutory requirements for oil and gas production verification inspections. I see in your testimony for ONRR that you are requesting additional funds to enhance third party verification, both onshore and offshore.

Can you assure the taxpayers that the government is getting its fair share of returns from the oil and gas taken from the federal estate?

ANSWER: ONRR has a comprehensive risk-based audit and compliance program to target underpayments and to ensure that royalties do not go uncollected. On average, over the last 5 years, the Department's audit and compliance program collected payment of approximately \$110 million a year from companies. These amounts represent companies' underpayments in their initial voluntary reporting, which were discovered through on-going compliance activities.

However, we agreed with GAO, that we can't wait until an audit is performed to detect missing royalty reports. Since GAO's 2008 report, ONRR has undergone several reforms to catch underreporting sooner. Up front systems edits now put more emphasis on industry to report correctly through a series of royalty and production edits to ensure that data is correct before it arrives at ONRR. Current technology and system capabilities have opened new avenues for ONRR to identify and analyze erroneous data on a real-time basis. The ONRR has initiated a data mining effort to provide earlier detection of missing or inaccurate royalties. In our FY 2012 Budget request, we are seeking funding

to expand data mining reviews and address earlier detection of missing or inaccurate royalties in direct response to GAO's recommendation.

Moran Q4: Is it likely that the Federal government, and the States since they get half of the royalties, may be short-changed but we really don't know?

ANSWER: ONRR has a sophisticated accounting and detection system and a comprehensive risk-based audit and compliance program to target underpayments and to ensure that royalties do not go uncollected. ONRR has a strong program to enforce existing laws and regulations and ensure fair return for Federal and Indian resources. In addition, ONRR has a strong partnership with the OIG and the U.S. Attorney's Office to jointly pursue companies that intentionally underpay mineral royalties due on Federal and Indian lands. The ultimate goal of these programs is to ensure that companies have paid every dollar due.

At our oversight hearing on Interior's management challenges, there was a lot of talk of lost royalties.

Moran Q5: Mr. Gould and Ms. Tschudy, since you were with the MMS for quite some time, and I note that Mr. Gould was a charter staff member when the MMS was created in 1982, can you please refresh our memory about the royalty-free deepwater oil and gas leases in the Gulf of Mexico?

ANSWER: On October 5, 2009, the Supreme Court denied the United States' Petition for a Writ of Certiorari, effectively ending Kerr-McGee's litigation against the United States and letting the Fifth Circuit's decision against the United States stand. Kerr-McGee is now owned by Anadarko.

The issue in this case is whether the specific suspension volumes for royalty relief set out in Section 304 of the Deep Water Relief Act of 1995 (DWRRA) can be limited by the Secretary based on the market price of oil or gas pursuant to Section 303 of the Act. ¹ Kerr-McGee and other companies voluntarily bid on leases that included these price thresholds and the Minerals Management Service accepted those bids. The decision impacts leases issued in 1996, 1997 and 2000 in the Gulf of Mexico.²

On January 12, 2009, the Fifth Circuit ruled against the United States and affirmed the district court's ruling that Interior lacked the authority to suspend royalty relief for the production volumes subject to DWRRA Section 304 in leases sold between 1996 and 2000. At issue are two sections of the DWRRA. First, Section 303 applied a new bidding system to new leases and authorized the Secretary to suspend royalties and vary the suspension based on price thresholds. Second, Section 304 applied to new leases issued from 1996 to 2000, and cross-referenced the new bidding system in Section 303 to these new leases, and offered specific royalty relief at certain production volumes thresholds. Interior's position was that since Section 304 cross-referenced Section 303, it could vary any royalty suspensions under the volume threshold provision in Section 304 based on its discretion to set price thresholds in Section 303.

Eight leases with Kerr-McGee were the subject of this litigation. Ten other leases with Kerr-McGee and its affiliates were also the subject of this litigation. The Fifth Circuit disagreed with Interior's position. The Fifth Circuit ruled that Section 304's statement that "the suspension of royalties shall be set at a volume not less than the specific production levels" means just that: royalty payments shall be suspended up to the production volumes established by Congress." The Fifth Circuit concluded that Section 304 was "unambiguous in this regard."

- 1 The Outer Continental Shelf Lands Act (OCSLA), 43 U.S.C. 1331 et seq., grants the Secretary the authority to issue and administer leases on the Outer Continental Shelf. The OCLSA was amended in 1995 by the DWRRA to allow the Secretary, in certain circumstances, to suspend the payment of royalties, Pub. L. No. 104-58, 109 Stat. 563.
- 2 The Department did not include price thresholds in deepwater leases issued in 1998 and 1999. The circumstances surrounding those events are described in a 2007 OIG Report entitled, Investigative Report on the Lack of Price Thresholds in Gulf of Mexico Oil and Gas Leases.

Moran Q6: What is the estimate of the amount of oil and gas that certain lease holders are getting from the American citizens buy paying no royalties?

ANSWER: On October 5, 2009, the Supreme Court denied the United States' Petition for a Writ of Certiorari, effectively ending Kerr-McGee's litigation against the United States and letting the Fifth Circuit's decision against the United States stand. Kerr-McGee is now owned by Anadarko.

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Moran Q7: Have there been attempts to regain some of this lost revenue for the American taxpayers?

ANSWER: On October 5, 2009, the Supreme Court denied the United States' Petition for a Writ of Certiorari, effectively ending Kerr-McGee's litigation against the United States and letting the Fifth Circuit's decision against the United States stand. Kerr-McGee is now owned by Anadarko.

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Moran Q8: *Mr. Gould*, your statement mentions that you will work with the BLM and the BOEMRE on a feasibility study of automated production metering systems. It seems to me that it is essential that you have access to automated production data, and that there should be third party verification.

What are the barriers to getting this done and how will you move forward so that you don't have to strictly rely on the energy industry to self-report production?

ANSWER: We are currently developing requirements to conduct the feasibility study associated with automating production metering systems. The feasibility study will identify opportunities and risks in requiring remote production metering systems that provide the potential to: 1) more effectively and efficiently utilize inspection personnel resources, 2) provide early detection of royalty reporting anomalies, and 3) enhance royalty fraud deterrence through operator awareness that production meters are being constantly monitored. The results of this study will provide the basis for an implementation plan.

Moran Q9: *Mr. Gould,* your statement mentions that over the past 5 years your audit and compliance program has collected \$110 million from companies that had under reported.

Shouldn't the federal government invest in more careful auditing or industry?

ANSWER: ONRR's compliance assurance activities represent a large and critical part of our operational strategy. In FY 2008, our organization established a new risk-based compliance strategy to target high-risk companies and properties and ensure that our annual compliance work plan provides the most efficient and effective use of our available resources. Using the risk-based strategy, ONRR, States, and Tribes perform both audits and compliance reviews on companies or properties that are either specifically targeted based on risk analysis or randomly selected. The risk-based strategy also focuses compliance efforts on gas plants, transportation systems, or other specific issues. In FY 2009, Congress appropriated funding to automate the risk-based compliance tool, and that work is currently in progress. Additionally, our audit program

has been strengthened in recent years as the direct result of funding from the Committee for additional auditors. We have been very successful in recruiting and retaining highly qualified auditors to augment our audit program.

Moran Q10: What is the return on the federal investment if we invest in improved oversight of industry?

ANSWER: The ONRR compliance activities have yielded significant additional revenues to States, Tribes, individual Indian mineral resource owners, and the Federal Treasury. Since 1982, additional collections of royalties and interest attributable to ONRR's compliance activities totaled over \$3.8 billion. Over the last three years — FY 2008 through FY 2010 — for every dollar spent for audits and compliance reviews, the States, Tribes, and U.S. Treasury received approximately \$5 in additional compliance collections.

Moran Q11: At the IRS, we understand that a dollar invested can return \$10 dollars in lost tax revenue due to tax cheating. Is there a similar situation here?

ANSWER: The ONRR compliance activities have yielded significant additional revenues to States, Tribes, individual Indian mineral resource owners, and the Federal Treasury. Since 1982, additional collections of royalties and interest attributable to ONRR's compliance activities totaled over \$3.8 billion. Over the last three years – FY 2008 through FY 2010 – for every dollar spent for audits and compliance reviews, the States, Tribes, and U.S. Treasury received approximately \$5 in additional compliance collections.

Moran Q12: *Mr. Bromwich*, during your reform process you have made a big deal about the importance of separating the preleasing and environmental planning mission from the operations and inspection mission. In fact, you are well down the road to separating these functions into two separate bureaus. Last year, the House passed legislation that would have brought some of the onshore inspection functions into a bureau to do the offshore inspection work.

Do you think that it would be advisable for the Congress or the Secretary to separate these functions at the BLM like you are doing offshore?

ANSWER: As part of Secretary Salazar's ongoing agenda to change how the Department does business, the Bureau of Land Management is implementing several reforms to its oil and gas program that will improve environmental protection of important natural resources on Federal lands while aiding in the orderly leasing and balanced development of the Nation's energy supply. The reforms will improve protections for land, water, and wildlife, and reduce potential conflicts that can lead to costly and time-consuming protests and litigation of leases. The Department will continue to consider methods to improve the oversight and regulation of its energy-related operations.

Moran Q13: Do you think that it would be workable and desirable for your new Bureau of Safety and Environmental Enforcement (BSEE) to also take on these duties for onshore oil, gas and coal activities since all three activities are contributing to Interior being on the GAO high risk list?

ANSWER: The BLM will continue to focus on the inspection and enforcement aspects of oil and gas production. The agency has set up a team to focus on production accountability and the team is working closely with the Office of Natural Resource Revenue. During the last year, the BLM has embarked on an extensive program to strengthen training for its existing field petroleum engineering technicians and professionals to assure they have the most current capabilities for inspection and enforcement of oil and gas production. The BLM is taking the steps necessary to provide assurance that the public is receiving its fair share of oil and gas revenues. The agency will stay focused on production accountability and leasing Federal lands for oil and gas development in a timely and efficient fashion without sacrificing environmental and operational safety.

Reform of Offshore Oil and Gas Regulation

Questions for Mr. Bromwich: You have stressed that it is important to separate the conflicting missions of promoting resource development and of enforcing safety regulations and maximizing revenues from offshore operations.

Moran Q14: Please tell the Committee how you plan on making sufficient links between the two new bureaus, the BOEM and the BSEE, so the functions can adequately share information and avoid duplication?

ANSWER: As part of our broad and continuing reform efforts, we have created 11 implementation teams that have been hard at work for several months and are the central organizational focus for our efforts to analyze critical aspects of BOEMRE's structures, functions, and processes. These teams are necessary in their own right, but they are also integral to our reorganization efforts. These teams are considering the various recommendations for improvement that we have received from several sources, including the Commission, the National Academy of Engineering, and the Offshore Safety Oversight Board commissioned by Secretary Salazar. These teams are laying the foundations for lasting change to the way BOEMRE does business.

The key areas and issues that these teams are working on include:

Permitting: We have a team devoted to reviewing and improving BOEMRE's
drilling permit review and approval process, which is central to ensuring that
proposed drilling operations will be conducted safely and that permit
applications are reviewed in a timely and efficient manner.

- Inspections: We have several teams that are focused on various issues associated with developing effective, risk-based approaches to our offshore inspections programs. We also are developing the infrastructure and recruiting the expert personnel necessary to effectively monitor the highest risk operations, such as deepwater drilling operations. Such monitoring of industry performance during critical phases of drilling operations is a capacity that we feel strongly must be developed, and is consistent with the findings and recommendations of the National Academy of Engineers. We are developing new training programs and curricula for inspectors, supervisory inspectors, and engineers involved in BOEMRE's safety compliance and enforcement programs.
- Regulatory Enforcement: We are evaluating the adequacy of the enforcement tools we have employed, including the system for documenting and tracking incidents of non-compliance with our regulations, the adequacy and use of civil penalties, and the process for evaluating operator qualifications and the system for debarring unsafe operators. We are reviewing potential gaps in our regulations, including a thorough review of the regulatory standards used by other countries, and we are exploring how to enhance the civil penalties available for violations of BOEMRE's safety and environmental regulations.
- Environmental Compliance and Enforcement: We are designing new inspection and enforcement programs relating to environmental compliance, programs that have never previously existed in the agency.
- Incident Investigations: We are evaluating and developing investigative procedures relating to specific categories of accidents and incidents, including industrial accidents on rigs and platforms, fires, and oil spills.
- Oil Spill Response: We are conducting a comprehensive review of oil spill
 response and the adequacy of operators' oil spill response plans (OSRPs). This
 team is working closely with the Coast Guard and other Federal agencies to
 develop enhancements to regulations governing OSRPs and more effective
 reviews of those plans in light of lessons learned from the *Deepwater Horizon*oil spill response.
- Safety and Environmental Management Systems (SEMS): We are designing an
 oversight and auditing program for operators' compliance with the new
 requirements of the Workplace Safety rule, which represents a significant
 advance in the promulgation of performance-based standards for safety and
 environmental protection.
- Interdependencies: Our teams are focusing specifically on identifying where the responsibilities and processes of the two new bureaus intersect, and we're developing procedures to ensure we work together to effectively meet each bureaus responsibilities.

The BOEMRE is working on a new 5-year plan for oil and gas leasing. You and the President have indicated that for this cycle, you are not going to consider opening the waters off the west coast or the Atlantic coast.

Moran Q15: Can you please explain the logic behind this focus on the Gulf of Mexico and the Arctic?

ANSWER: As mandated by Congress in the Outer Continental Self Lands Act (OCSLA), the agency follows a tiered approach that has the effect of narrowing the focus. It is estimated that the Alaska Arctic (Beaufort and Chukchi Sea) contains approximately 30% of all the U.S. Federal offshore undiscovered oil and gas resources (over 23 billion barrels of oil and 108 trillion cubic feet of gas in the mean probably estimate). The Gulf of Mexico is believed to contain approximately 50% of U.S. oil and gas resources. The Pacific and Atlantic OCS regions contain much smaller resources by comparison. Further, following the tiered process mandated by OCSLA at the lease sale stage, the petroleum industry has also increased their focus on the offshore Arctic.

Moran Q16: *Mr. Bromwich,* you indicate that within the new BOEM you will create a senior position, the Chief Environmental Officer, who will be responsible for the appropriate balance between leasing and planning decisions.

Why is this an important position and do you feel confident that the decisions behind the current 5-year plan under development will be sound and defensible?

ANSWER: The Chief Environmental Officer position will provide strategic guidance on environmental protection in the development of offshore resources, direct the study of offshore environmental resources that support decision-making, manage the National Environmental Policy Act (NEPA) review process and advocate incorporation of environmental perspectives in all strategic plans and decisions. This position is one of five senior executive positions that will be filled in the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE).

All of these positions will be critical to the smooth and effective functioning of the two new bureaus and will have enormous responsibilities and, together with our other top-level managers, will be responsible for completing the efficient reorganization of the former MMS and for implementing meaningful and lasting regulatory reforms, including the development of a sound and defendable 5-year plan to ensure operational continuity and efficiency.

Moran Q17: Mr. Bromwich, as you know, I am very concerned about the ability of industry and your bureau to safely develop oil in the Arctic Ocean. If a spill were to occur during the dark, frozen periods of the long winter, I don't know how you could respond and I don't know how bad the impact would be on this fragile environment and the subsistence cultures.

Please discuss the special challenges you see in the Arctic, how you are responding with additional scientific research and technical evaluations, and what you feel the future is for Arctic oil development in U.S. waters.

ANSWER: Facilitating responsible development in Alaska poses unique challenges, given that many areas of Alaska are frontier areas where less is known about the scope of economically recoverable oil and gas resources and the potential environmental and public health impacts of production, and exploration and development can be more difficult given the often-harsh conditions of the area. As a result, planning and exploration activities can take longer than in other areas of the U.S. Any activity in the Arctic will be based on rigorous scientific analysis of the area to determine if future oil and gas development could be conducted safely. Decisions about the next OCS program will be informed by an ongoing United States Geological Survey (USGS) assessment of resources, risks, and environmental sensitivities in Arctic areas, and input from other Federal agencies, including the National Oceanographic and Atmospheric Administration (NOAA).

The Administration remains committed, however, to facilitating development in this region, which will require coordination across the Federal government. Accordingly, the Administration is creating a high-level, cross-agency team to coordinate and facilitate a more efficient offshore permitting process in Alaska, while ensuring that safety, health, and environmental standards are fully met.

Moran Q18: You also indicate that the new BSEE will be a tough-minded, but fair, regulator of offshore operations. How do you balance these challenges while creating an atmosphere in which industry understands expectations?

ANSWER: BOEMRE has created implementation teams whose central focus will be to analyze critical aspects of the bureau's structures, functions and processes, and implement our reform agenda.

The new Bureau of Safety and Environmental Enforcement (BSEE) will be charged with regulatory enforcement of safety, environment and conservation compliance of the Nation's offshore resources. Functions will include: Offshore Regulatory Programs, Research, Oil Spill Response, all field operations including Permitting and Inspections, and newly formed Training and Environmental Compliance functions.

BSEE will be led by a Director under the supervision of the Assistant Secretary - Land and Minerals Management and will assure the highest level of safety and environmental standards and performance in the production of all offshore energy activities.

We will continue to work through the policy and implementation issues diligently and continue to consult frequently with members of industry to provide guidance on complying with the rules. These efforts will help to create a balance that will not impose

unnecessary and costly burdens on the industry, which must rely on stability so that expectations can be managed and economic prosperity will realized.

Moran Q19: *Mr. Bromwich,* your testimony discusses the lessons learned from overseas oil regulations, and the lessons other nations, such as Great Britain and Norway, have also learned following tragic oil disasters.

Please tell the Committee how you see domestic oil regulation being similar or different from the foreign experience.

ANSWER: The oil and gas industry is international in nature, with many of the same companies operating in different countries around the world. Therefore, we face many of the same challenges in regulating offshore energy production as our counterparts around the world. An important part of our long-term strategy includes continuing and strengthening our collaboration with our international counterparts. BOEMRE is doing this on a bilateral basis through government-to-government cooperation and information sharing, as well as through multilateral initiatives, like our participation in the International Regulators Forum and, more recently, the Ministerial Forum held by Secretary Salazar on April 14, 2011.

Recognizing that we can learn a lot from our counterparts around the world, we have taken into account the regulatory approaches in countries with developed offshore oil and gas programs in designing our own reforms. Our new regulatory framework has a number of similarities to those of our counterparts. For example, in the UK, Australia, Norway, and Canada, the responsibility for revenue collection resides in a government agency separate from the agencies responsible for licensing and safety regulation. In addition, for many of our counterparts, the enforcement of safety and environmental standards is performed by an agency separate from resource development and licensing. This is true in Norway, Australia, and the UK. Finally, some of our counterparts, particularly Norway and the UK, adopt a performance-based approach, which is based on broad goals and objectives to be achieved by operators. We have adopted elements of this approach in our new framework through the Workplace Safety rule, which requires that operators develop Safety and Environmental Management Systems (SEMS). A SEMS is a comprehensive management program for identifying, addressing and managing operational safety hazards and impacts, with the goal of promoting both human safety and environmental protection. This rule will be a useful addition to our new and existing prescriptive regulations.

Finally, another challenge we face is that U.S. regulations require faster approvals of plans than in many other jurisdictions. The OCS Lands Act contains a requirement for a 30-day decision period for exploration plans, whereas Norway, for example, allows three months for exploration plan reviews. These differences suggest that while the experiences of our foreign counterparts can be a useful learning tool, the regulatory approaches adopted by other countries do not necessarily provide a complete model for the U.S.

Moran Q20: What are some of the key lessons you and Interior have learned from your examination of other national oil and gas programs?

ANSWER: BOEMRE will continue to take an active approach to identify and to become involved in international initiatives that promote better integration of safety and environmental concerns into offshore development. This includes monitoring, developing, and refining safety and environmental standards; exchanging technical information with our international regulatory counterparts; and providing technical advice to the U.S. Department of State, other relevant U.S. agencies, and other developing countries.

Offshore drilling in the U.S. OCS, and indeed around the world, will never be the same as it before the Deepwater Horizon oil spill. The changes that we have put in place will endure because they were urgent, necessary, and appropriate. Some of the key elements, were developed after analysis of foreign oversight systems and with consideration of various studies such as the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling. The reforms include: (1) a well-funded offshore safety regulator that closely evaluates the risks associated with offshore drilling and other energy development activities in designing its regulations and compliance and enforcement programs; (2) industry performance standards, particularly for the highest risk operations in deepwater and challenging areas such as the Arctic, that cause operators to engage in rigorous and deeply self-critical evaluations of the hazards posed by their operations and the measures implemented to address those hazards; (3) a regulatory agency that has the tools and the resources to hold all responsible parties accountable; (4) continued government and industry focus on innovation in the areas of risk assessment, advances in safety and emergency response equipment; (5) an agency that develops and uses all available scientific analysis to support balanced decision making with respect to the environmental risks and economic benefits; (6) a regulatory system that ensures energy development is efficient, transparent, responsive, safe, and environmentally responsible; (7) a leasing and revenue generation system that encourages development of the Nation's natural resources that are made available to industry to provide for the country's energy needs; (8) a set of common principles and standards by which companies drilling and producing in the OCS govern their conduct; (9) and lastly an OCS energy program that includes not only the development of oil and gas resources, but also the aggressive and responsible development of renewable energy sources.

During the BP-Transocean Deepwater Horizon disaster, America was continually frustrated at the lack of any kind of meaningful oil spill response plan or any meaningful capacity for response or clean-up.

Moran Q21: What will be the requirements for oil spill response, and are you getting cooperation from industry on the need for large improvements over past practices?

ANSWER: The *Deepwater Horizon* oil spill highlighted the need for increased oversight of the oil and gas industry. We are working with other Federal agencies with oil spill

response responsibilities to revise oil spill response regulations based on what we learned from the spill. The FY 2012 Budget request includes additional staff to ensure an adequate level of oil spill response oversight, including review and approval of oil spill response plans (OSRP) as well as industry compliance inspections. OSRP reviews are conducted for new plans, biennial updates, amendments and plan revisions, and to confirm that an operator has proper equipment, people, and structures in place to respond to an oil spill.

Compliance inspections, such as unannounced oil spill exercises and unannounced response equipment inspections will test and evaluate an operator's preparedness level. Staff also verify response personnel classroom and hands-on training and participate in table top exercises in which response team members simulate response actions using their OSRP.

On February 28, BOEMRE approved the first deepwater drilling permit since the *Deepwater Horizon* explosion and resulting oil spill. As part of its approval process, the bureau reviewed the operator's ability to contain the well in the event of a loss of well control. The approval was the result of cooperation with members of the oil and gas industry, including the Helix Well Containment Company and the Marine Well Containment Corporation, to develop the capability to contain a well in the deep waters of the Gulf of Mexico.

Your testimony discusses the need for BSEE to have technical capacity and the ability to do its own research. I am a bit surprised that BSEE, an operations agency, will also try to do research in highly technical energy development matters.

Moran Q22: Can you please explain how this will work, and why such technical research should not be done in the Department of Energy, where they have entire labs full of advanced scientists and extensive experience with extramural science?

ANSWER: In its January 2011 report to the President, the National Commission on the BP *Deepwater Horizon* Oil Spill and Offshore Drilling identified the need for increased safety and containment research both within industry and the federal government in order to maintain the capability to address emergencies as drilling technology moved operations into deeper waters and further from shore. The Commission determined that that neither government nor industry had invested sufficiently in research, development, and demonstration to improve containment or response technologies.

Although industry has a significant role and responsibility to conduct this research to ensure its operations is safe, as the safety regulator, BOEMRE needs to have sufficient technical capabilities to conduct its own research and verify that the information and research provided by industry is accurate. Staff will focus on developing and managing additional technical and more complex engineering studies focused on regulatory and safety requirements including field studies. Examples of near term deepwater safety and containment research by the Technology Assessment & Research (TA&R) Program include assessment of subsurface blow-out preventer design, performance, maintenance,

and inspection; cementing, barrier, and containment practices and procedures; remotely operated vehicle intervention and capabilities; and wild well control technology. The TA&R Program will continue to transfer research results to rule writers, investigators, plan reviewers, and others that need this information to improve safe offshore operations.

You discuss the Ocean Energy Safety Advisory Committee, which will include experts from numerous federal agencies. This sounds like a great idea.

Moran Q23: Can you please explain what you expect this interagency body to do, and how it will guide your activities?

ANSWER: The Ocean Energy Safety Advisory Committee, chaired by former Sandia Laboratory Director Dr. Tom Hunter, includes representatives of Federal agencies, industry, and academia. The 15-member committee will work on a variety of issues related to offshore energy safety, including drilling and workplace safety, well intervention and containment, and oil spill response. This will be a key component of a long-term strategy to address, on an ongoing basis, the technological needs and inherent risks associated with offshore drilling, and deepwater drilling in particular.

The Committee, which held its first meeting on April 18, 2011, has three main goals. First, it will assess current drilling and workplace safety procedures, diagnostic tests, and technologies in order to identify any gaps that remain. Second, it will facilitate collaboration between the government, the offshore energy industry, academia, and non-governmental organizations by cataloging existing research and development projects and recommending future projects. Third, the Committee will provide recommendations about the establishment of a permanent Ocean Energy Safety Institute to foster long-term collaboration among key stakeholders.

Human Capital Deficiencies in Oil and Gas Management BOEMRE and ONRR

The GAO also reported as part of their high risk assessment that both the former MMS and the BLM have persistent problems in hiring, training and retaining adequate, technically trained staff to manage the oil, gas and coal programs. With the increased attention by the world on the new Bureaus and ONRR, you will have to be very active at staffing up with a large variety of highly specialized and technical persons.

Moran Q24: How big is the human capital problem and what kind of financial resources and time will be required to fix this at Ocean Energy and at ONRR?

ANSWER: The unanimous conclusion of the many reviews and investigations of the former MMS is that the major source of the problems with the Nation's oversight of offshore energy development has been the lack of resources.

BOEMRE's funding needs have real-world implications. The 2011 Continuing Resolution preserved our most essential functions for the remainder of the year as the

President promised, and it allowed us to make significant incremental progress. But it will not allow us to improve operations for the future to the extent – and in the ways – that we think are desirable and necessary, and that others who have reviewed the agency's operations think are desirable and appropriate. We need more engineers, inspectors and other safety personnel. We need more environmental scientists and more personnel to do environmental analysis. We need more personnel to support the permitting process.

The President's FY 2012 Budget requests \$358.4 million for BOEMRE. This represents an increase of \$119.3 million and an additional 321 FTE over the FY 2010 budget. The President's FY 2012 Budget requests \$147.9 million for ONRR. This represents an increase of \$38.7 million and an additional 52 FTE over the FY 2010 budget to improve revenue management.

Fortunately, ONRR does not face similar recruitment challenges and is capable of hiring needed personnel immediately.

Moran Q25: What steps are you both taking to hire new staff? How many new specialists have been brought on board during this current fiscal year?

ANSWER: We have already taken the first steps to ramp up our hiring in certain key areas. I visited engineering and petroleum engineering schools in Louisiana and Texas as part of a drive to recruit engineers and inspectors to work for the agency. We generated more than 500 job applications but our hiring was constrained by the uncertainty with regard to funding. In April of 2011, BOEMRE extended that recruitment drive to include environmental scientists. I also visited top environmental science schools on the West Coast and additional schools in the Gulf of Mexico and on the East Coast. In response we have already received more than 1,800 job applications.

Funding provided by the FY 2011 Continuing Resolution will enable BOEMRE to hire some of these environmental scientists and petroleum engineers who can help us perform our mission, as well as some of the engineering students who applied last fall. BOEMRE is recruiting to fill five senior executive positions for the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE). These positions will be filled over the next several months, so that the executive leadership teams for both BOEM and BSEE will be in place to ensure a smooth transition when the bureaus commence separate operations on Oct. 1, 2011. These positions include: Chief Environmental Officer, BOEM; Strategic Resources Chief, BOEM; Regulatory Programs Chief, BSEE; Deputy Director, BSEE; and the Gulf of Mexico Regional Director, BOEM.

BOEMRE is recruiting to fill twelve key GS-15 leadership positions within the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE). These positions will be filled over the next several months. These positions include: Oil Spill Response Director, BSEE; Training Center Director, BSEE; Environmental Enforcement Director, BSEE; Regulations Development Branch Supervisor, BSEE; Public Affairs Chief, BSEE; Gulf of Mexico Deputy Regional

Director, BSEE; Alaska Regional Director, BSEE; Alaska Environment Supervisor, BOEM; Gulf of Mexico Region Leasing and Plans Supervisor, BOEM; Alaska Leasing and Plans Supervisor, BOEM; Accident Investigation Board Supervisor, BSEE; and the Pacific Outer Continental Shelf Region Field Operations Supervisor, BSEE.

BOEMRE has hired 81 additional employees since the beginning of FY 2011. Of these, 15 hires were Inspectors (Offshore Operations and Safety); 18 hires were Petroleum Engineers and other scientific positions (Geologist, Physical Scientist, etc); and 4 hires were Environmental Protection Specialists.

Moran Q26: To what extent is the succession of CRs affecting your ability to plan and acquire staff?

ANSWER: Continuing Resolutions (CR), and the funding uncertainty that accompanies CRs, have a significant negative impact on BOEMRE's ability to undertake important activities. While operating under CRs, Federal managers are forced to manage funds extremely conservatively, often resulting in an inability to hire critical staff, initiate annual contracts, and other activities which cumulatively result in a government that is less effective and less efficient.

The continuing resolutions preceding the final CR that continued through the end of the fiscal year hindered progress on the following items requested in the President's FY 2011 Budget Amendment:

- Permitting To effectively sustain increased oversight and efficient review of permits, BOEMRE requested \$3.6 million and 23 FTE in FY 2011.
- Inspection Capacity To begin reform and reorganization efforts to expand, strengthen, and revise BOEMRE's regulatory regime \$31.2 million and 50 FTE were requested in FY 2011.
- Environmental Studies To begin studies needed to support high priority information needs related to the Deepwater Horizon Oil Spill, \$7.5 million was requested for environmental studies.
- NEPA/Environmental Staff To provide the additional science expertise needed to
 address the ramifications of the Deepwater Horizon oil spill, BOEMRE requested
 \$5.3 million and 34 FTE for NEPA and Environmental Studies staff.
- Environmental and Operational Oversight Compliance To begin building independent environmental compliance capabilities, \$3.7 million and 24 FTE were requested.
- Engineering Studies To improve evaluation of current and proposed energy exploration and development technologies, BOEMRE requested an additional 7 FTE and \$6.1 million.

 Oil Spill Research/Other – The FY 2011amended request also included an additional \$8.6 million for Oil Spill Research and an additional \$20 million for other reorganization and reform costs.

Part of these requests have been met by the full year CR that provides the Department a total of \$67 million above FY 2010 funding levels for both BOEMRE and the Office of Natural Resources Revenue. BOEMRE will receive approximately \$47 million of that amount.

The succession of CRs caused ONRR to hold back on filling new and vacant positions. The ONRR released those positions to be filled once there was assurance of adequate funding levels. The Fiscal Year 2011 Operating Plan supports many of the new FTE requested in both the FY 2011 and 2012 President's Budgets. Therefore, many of these positions are currently being advertised.

Moran Q27: Both witnesses' statements do a good job of explaining additional staffing needs. Can you please add up what sums will be required as additions to the FY 2010 budget that goes for new staff?

ANSWER: The President's FY 2012 Budget requests \$358.4 million for BOEMRE. This represents an increase of \$119.3 million and an additional 321 FTE over the FY 2010 budget. The budget is designed to implement critical organizational and regulatory reforms in the wake of the *Deepwater Horizon* disaster, so that domestic offshore energy resources are developed in a safe and responsible manner. Salaries and personnel expenses are only a portion of the funding required to end what the National Commission on the *Deepwater Horizon* Oil Spill and Offshore Drilling called "regulation on a starvation diet."

The FY 2011 and 2012 President's Budgets for ONRR include 52 additional FTE for a total budgetary increase of \$12.7 million as shown below. Additionally, ONRR is requesting discretionary funding of \$13.5 million to replace Royalty-In-Kind receipts for 58 existing FTE and associated costs.

Amount	FTE	(\$000)
Expand 202/205 State and Tribal Audit Program	1	\$ 0.2
Production verification and measurement inspectors	18	\$ 7,343.0
Data Mining	12	\$ 1.980.0
Ensure Proper Royalties on Natural Gas	11	\$ 1,850.0
Transportation and Processing Audit and Oversight	10	\$ 1.550.0
Total New Staff:	52	\$12,723.2

Moran Q28: Is it realistic to think that the two new bureaus, BOEM and BSEE, and the new ONRR, will be able to staff up that quickly?

ANSWER: As indicated in the answer to question 25, the response to BOEMRE's recruiting efforts has been extraordinary. The primary impediment to increasing staff to date has been a lack of funding certainty. Given adequate funding, BOEMRE will move aggressively to fill vacant positions.

ONRR does not anticipate any problems hiring and training new staff in a timely manner. The Fiscal Year 2011 Operating Plan supports many of the new FTE requested in the FY 2011 and 2012 President's Budgets. Recent applicant pools have included strong candidates and we are successfully training new employees and incorporating them into existing teams throughout ONRR.

Moran Q29: If fewer resources are available for your FY 2012 appropriations than your request, can you suggest which specific activities and subactivities we should consider reducing because you may have challenges at staffing up?

ANSWER: Additional resources are essential to effectively meet industry demand for an efficient, effective, transparent, and stable regulatory environment given the increased review that must occur. BOEMRE continues to review and approve applications that demonstrate the ability to operate safely and contain a subsea blowout in deep water. We have seen the rate of deepwater permit applications increasing, which reflects growing confidence in the industry that it understands and can comply with the applicable requirements, including the containment requirement. BOEMRE expects additional permit approvals in the near future. However, the need for additional resources is recognized and supported by industry, as evidenced by a letter, dated November 17, 2010, to the House and Senate subcommittees on Interior, Environment, and Related Agencies signed by the American Petroleum Institute, the American Exploration & Production Council, the International Association of Drilling Contractors, the Independent Petroleum Association of America, the National Ocean Industries Association, and the U.S. Oil and Gas Association.

Marine Minerals Reduction BOEMRE

The budget reduces Marine Minerals by \$2 million. The BOEMRE will still have responsibility for working on offshore mineral lease requests.

Moran Q30: What will be the impact to industries if you are unable to fulfill your leasing responsibilities?

ANSWER: This reduction was offered to offset priority budget increases and will eliminate funding for BOEMRE's marine minerals program. Under this program, BOEMRE works with Federal, State and local entities to issue leases for sand and gravel in the OCS, typically for beach renourishment and barrier island restoration. BOEMRE

receives eight to 10 requests per year. BOEMRE retains the authority to process individual lease requests for sand and gravel on a case-by-case basis, funds permitting.

Inspection Fee to Offset Cost of Industrial Review BOEMRE

The budget request includes an increased inspection fee that will be charged on drilling rigs and on fixed OCS structures. This makes sense and a similar proposal was in the House subcommittee approved bill for FY 2011.

Moran Q31: Can you please explain the rationale of why it is proper for industry to pay for part of these costs to the government?

ANSWER: The President's National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling report recommended the use of industry fees to "provide adequate leasing capabilities and regulatory oversight for the increasingly complex energy-related activities being undertaken on the OCS". It also argued that the oil and gas industry "should do significantly more and provide the funds necessary for regulation [which] would no longer be funded by taxpayers, but instead by the industry that is being permitted to have access to publicly owned resources." This funding will be used to hire new inspections, improve the tools and systems necessary to implement the risk-based inspection program, and expand offshore transportation resources. The proposed inspection fees are needed to provide the safety and enforcement improvements that are critical to creating a sustainable and environmentally responsible domestic offshore energy industry.

Moran Q32: Do other nations have similar kinds of fee structures? What did the President's Commission report say about the use of such fees when an industry has access to a publically owned resource?

Some representatives of the oil industry have said that the oil royalties that are paid into the treasury should be used to directly pay for the cost of these inspections.

ANSWER: The President's National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling report recommended the use of industry fees to "provide adequate leasing capabilities and regulatory oversight for the increasingly complex energy-related activities being undertaken on the OCS". It also argued that the oil and gas industry "should do significantly more and provide the funds necessary for regulation [which] would no longer be funded by taxpayers, but instead by the industry that is being permitted to have access to publicly owned resources." This funding will be used to hire new inspectors, improve the tools and systems necessary to implement the risk-based inspection program, and expand offshore transportation resources. The proposed inspection fees are needed to provide the safety and enforcement improvements that are critical to creating a sustainable and environmentally responsible domestic offshore energy industry.

Moran Q33: Please briefly describe where the royalties and rents currently go in the treasury and to the Land and Water Conservation Fund and the Restoration Fund

ANSWER: The permanent appropriations administered by the ONRR provide for the sharing of mineral leasing receipts collected from the sale, lease, or development of mineral resources located on certain Federal offshore areas. The revenues for these payments are derived from bonuses, rentals, royalties, and other revenues collected from Federal mineral leases. The ONRR distributes these funds in accordance with various laws that specify the basis for and timing of payments.

Under Section 8(g) of the OCS Lands Act, ONRR makes payments to coastal States for 27 percent of OCS collections within the 8(g) zone, which is the area approximately three miles seaward from the State/Federal boundary.

The OCS receipts are the main funding source of the mandated \$900 million transfer to the Land and Water Conservation Fund (LWCF) each year. Also, \$150 million is deposited annually into the Historic Preservation Fund. For both funds, accounting procedures require payments to be made from OCS rents and bonuses, and then any further needed payments to be made from OCS royalties.

ONRR also makes payments to the Gulf of Mexico States that produce oil and gas under the Gulf of Mexico Energy Security Act of 2006 (37.5 percent of receipts from certain leases). An additional 12.5 percent of funds from these leases are deposited into the LWCF and are available for expenditure without further appropriation. The funding is intended to be used primarily for coastal protection and restoration and is available in the year following the year in which the revenues are collected.

Moran Q34: Isn't it appropriate that these royalties continue to be used for these purposes, since the oil revenue is a one-time opportunity to extract these fossil energy resources?

ANSWER: The view of visionaries who created the Land and Water Conservation Fund, such as Stuart Udall and President Kennedy, was that as we take from the earth, we should put something back into conservation.

Moran Q35: Once gone, these fossil energy resources are gone for all time so is it appropriate that the nation receive benefit for this use, such as the land acquisition funded by the LWCF?

ANSWER: Created in 1964, the LWCF helps preserve, develop, and assure access to outdoor recreation resources. Every year revenues received from offshore oil and gas production, the sale of surplus Federal real estate, and taxes on motorboat fuel are deposited into the fund.

The Interior Department's 2012 budget request, together with the Forest Service's request, fully funds LWCF at \$900.0 million. The Department estimates the \$675.0

million Interior LWCF request will contribute an estimated \$1.0 billion in economic output and support about 7,600 jobs. Along with this significant economic impact, full funding in 2012 will increase the Federal government's ability to engage in strategic conservation that yields measurable ecological outcomes and community benefits. Activities funded under the LWCF will continue to ensure public access to the outdoors, preserve natural resources and landscapes, and protect irreplaceable cultural and historic sites.

Legislative Proposal on Non-Producing Oil and Gas Leases BOEMRE

I also note that you propose a \$4.0 per acre fee on non-producing oil and gas leases onshore and offshore, which would be an incentive for lease holders to get active. I think this is a great idea. This fee is projected to generate \$25 million in 2012 and \$874 million over ten years.

Moran Q36: Does this require legislation or can something be done administratively?

ANSWER: Yes, this proposal requires legislative action. The Administration is developing a legislative proposal that will be transmitted to the Congress soon.

Renewable Energy and Strengthening Resource Protection BOEMRE

The BOEMRE has been active lately with offshore wind proposals and you have other activities related to the capture of energy from waves.

Moran Q37: Can you please summarize what activities are going on, and briefly review what is in the budget request for renewable energy?

ANSWER: The FY 2012 budget request for the Renewable Energy Subactivity is \$23.1 million which remains relatively constant from the FY 2011 enacted level of \$23.2 million. BOEMRE's offshore renewable energy program will be centralized in BOEM Headquarters after the reorganization has been completed on October 1, 2011. In the future, as renewable energy technology and economics progress, BOEMRE may transition to a more integrated regional model.

First included in the FY 2011 President's Budget Request, BOEMRE is requesting additional funds needed to shift its attention towards region-specific requirements. The FY 2012 request will provide for the implementation of Secretary Salazar's "Smart from the Start" Atlantic Wind Initiative; the development of regional expertise and coordination for frontier areas; knowledge of local resources; local stakeholder consultation and collaboration; and development of substantial and expansive region-specific environmental analysis. The request will focus on funding Atlantic and Pacific OCS specific needs, including efforts to grow the early stages of BOEMRE's National Renewable Energy Program. As described in the announcement of January 19, 2011, the

National Renewable Energy Program would lead leasing and environmental activities associated with developing the Nation's exceptional OCS renewable energy resources, driven in part by the incentives provided by the Secretary's Atlantic Wind Initiative and the demands of coastal states' aggressive endeavors to meet their renewable portfolio standards (RPS). An RPS is a policy that requires the increased production of energy from renewable energy sources, such as wind, solar, biomass, and geothermal. The RPS mechanism generally places an obligation on electricity supply companies to produce a specified fraction of their electricity from renewable energy sources. As a number of Atlantic coastal states have relatively limited onshore renewable energy resource development potential, they are aggressively pursuing offshore renewable energy development to meet the requirements of their RPSs. Likewise, funding is needed for renewable energy leasing and environmental activities proposed for the Pacific OCS, where funding is needed to support processing of rights-of-way and renewable energy research leases, and also new BOEMRE intergovernmental task force efforts with the states of Oregon and Hawaii.

Moran Q38: Please explain why this adds to your funding needs for appropriations, and why this is actually a net change to the Treasury of zero.

ANSWER: The request is not a net increase in overall program funding, but retains the consistent funding level required to maintain ongoing compliance oversight capabilities and sustain the overall return to the American people from mineral revenue collections. The Energy Policy Act of 2005 authorized funding of the RIK Program directly from RIK receipts. With the termination of the RIK program, mandatory funding through receipts is no longer available to ONRR. Upon conversion of in-kind leases to in-value, mineral revenue receipts from those leases are now deposited to the Treasury as in-value receipts. To avoid an overall decrease in ONRR's funding, the requested discretionary funds are, in effect, replacing mandatory funds that were previously available from RIK receipts. This change therefore, is a net-zero effect on the Treasury.

Production Measurement/Inspection at ONRR

The FY 2012 budget requests an increase of \$7.34 million for new production and measurement inspectors, chemical engineers, and petroleum engineers to perform more careful inspections and audit work. It seems that these personnel will be able to ensure that the government is getting a fair return for allowing companies to pump public oil and gas, and that investing in this will likely return more to the Treasury than we invest.

Moran Q39: Can you please comment on the need for these personnel and the need for this increase?

ANSWER: The GAO provided 19 recommendations in its report entitled "Interior's Oil and Gas Production Verification Efforts Do Not Provide Reasonable Assurance of Accurate Measurement of Production Volumes" (GAO-10-313; March 15, 2010), which focused on:

- Improving the consistency and efficiency of Interior's oil and gas measurement regulations and policies;
- Providing greater assurance that key elements in the oil and gas production infrastructure are adequately overseen (or seeking the appropriate authority or clarification from Congress);
- Ensuring Interior is consistently tracking where and how oil and gas are measured;
- Ensuring Interior's production accountability inspection program consistently addresses key areas affecting measurement accuracy and that Interior meets its inspection goals;
- Improving the consistency of Interior's management of its onshore production and inspection program;
- · Addressing gaps in critical oil and gas measurement abilities; and
- Improving the tools available to Interior's production inspection staff.

The requested resources will provide ONRR with the capacity and expertise to address many of these recommendations, will create greater capability to accurately and timely collect royalties, and will result in significant dollars provided earlier to recipients, including States, Tribes and the Federal Treasury.

I am concerned that the increased production measurement and inspection funding is being requested in the discretionary side of the budget rather than from increased inspection fees. In the BOEMRE budget, you are requesting similar staffing increase, but industry will pay under your proposal. I think that this is a similar situation.

Moran Q40: Please explain how we could recommend a fee to recapture the costs of this needed work.

ANSWER: The budget proposes a number of actions to receive a fair return from the continued development of U.S. mineral resources, to eliminate inefficient fossil fuel subsidies that impede investment in clean energy sources., and to pass more of the costs of regulatory actions to the industries that benefit from those activities through increased user fees. The Department appreciates the fiscal circumstances that the Nation and the Congress face and is willing to work with Congress to explore additional funding options.

Expand State and Tribal Audit Program ONRR

At our previous hearings, we had a lot of discussion by members of the Committee that the government should try to have States or private parties do oil and gas auditing. Perhaps they are not aware of your state and tribal audit program.

Moran Q41: Can you please explain how this works, and why you are asking for a \$2.2 million increase for this cooperative effort?

ANSWER: ONRR funds the State and Tribal Cooperative and Delegated Audit Program through appropriated dollars. Through these contract agreements, States and Tribes are empowered to perform audits on mineral royalties within their State borders and on their reservations. In FY 2011, as part of this State and Tribal Audit program, ONRR contracted audit work with 10 States and 7 Tribes, encompassing lands producing more than 90 percent of all state and tribal mineral revenues. ONRR relies on these states and tribes to perform audit activities on an estimated \$3.3 billion in royalty payments annually.

ONRR funds 100 percent of the 10 State and 7 tribal audit program's costs applying a business-case criteria to determine the appropriate allocation of available resources among States and Tribes based on risk of non-compliance, reported revenues, number of leases, and other factors. However, appropriations have not kept pace with the growth or ongoing costs of this program.

Since the last funding increase for this program in FY 2006, the program has expanded and annual cost of living adjustments for State and Tribal employees have increased. As a result, ONRR had to reduce State and Tribal travel costs, deny State requests for additional audit FTE, decrease the number of meetings with States and Tribes from quarterly to semi-annual, and reduce training costs. Without additional funds, ONRR will need to reduce the number of Section 205 State Delegated Audit Agreements to more closely align with funds available for the program.

You say that historically, for every dollar spent on delegated and cooperative audits, the states, tribes and Treasury receives approximately \$4 in additional collections.

Moran Q42: Please explain how the ONRR is conducting these state and tribal audits.

ANSWER: The ONRR does not conduct these State and Tribal audits, but does provide oversight and review. Through contractual agreements, States and Tribes are empowered to perform audits on mineral royalties within their State borders and on their reservations. The terms of the agreements and the authority delegated to the States and Tribes arise from sections 202 and 205 of the Federal Oil and Gas Royalty Management Act (FOGRMA). ONRR includes the State and Tribal audits in our annual risk-based compliance work plan. The State and Tribal auditors perform their audits in compliance with Generally Accepted Government Auditing Standards and all applicable ONRR policies and procedures.

Geothermal Revenue Sharing with Counties ONRR

I see that you will submit a mandatory proposal to put the Federal/State revenue sharing for geothermal development on Federal land back to the traditional 50:50 split. For other energy programs, the States get half of the revenue generated on Federal lands within their states. For instance, almost half of America's coal comes from 12 huge coal mines

on Federal property in Wyoming, and the Sate of Wyoming gets half of the revenue from these massive sales.

Moran Q43: Can you please explain why you are suggesting repeal of section 224(b) of the Energy Policy Act and how much this will save the US taxpayers? I hear that it is \$74 million over 10 years.

ANSWER: The Administration proposes to repeal Section 224(b) of the Energy Policy Act of 2005. Prior to passage of this legislation, geothermal revenues were split between the Federal government and States, with 50 percent directed to States, and 50 percent to the Treasury. The Energy Policy Act of 2005 changed this distribution beginning in 2006 to direct 50 percent to States, 25 percent to counties, and for a period of five years, 25 percent to a new BLM Geothermal Steam Act Implementation Fund. The allocations to the new BLM geothermal fund were discontinued a year early through a provision in the 2010 Interior Appropriations Act. The repeal of Section 224(b) will permanently discontinue payments to counties and restore the disposition of Federal geothermal leasing revenues to the historical formula of 50 percent to the States and 50 percent to the Treasury. This results in savings of \$6.5 million in 2012 and \$74.0 million over ten years.

Arctic Offshore Drilling BOEMRE

In its report, the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, the Commission concluded that there are "serious concerns about Arctic oil-spill response, containment, and search and rescue." (pg. 304) According to the Commission, "The remoteness and weather of the Arctic frontier create special challenges in the event of an oil spill." (pg.303) The Commission cautioned "[s]uccessful oil-spill response methods from the Gulf of Mexico, or anywhere else, cannot simply be transferred to the Arctic." (pg. 303-04) In addition, the Commission specifically explained that the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) "must ensure that [offshore drilling] operators provide detailed descriptions of their [spill response] technology and demonstrate that it is deployable and effective." (pg. 273)

It is my understanding that your attempts last month to hold hearings in the Arctic on the Outer Continental Shelf (OCS) oil and gas leasing program for 2012-2017 were disrupted by severe weather, with two hearings cancelled altogether. I think there is some irony here. The Arctic's extreme conditions prevented BOEMRE from safely going where it needed to go to discuss its ability to safely manage a drilling program. At the same time, the tanker spill in Norway's Arctic waters last month confirmed the reality of what happens when you mix oil and ice. Among other problems, the oil seeped into thin layers in the ice, making it impossible to get it out. Arctic weather conditions have so complicated clean-up efforts in Norway that complete containment is essentially impossible.

Late last year, Shell Oil submitted a revised exploration plan and oil spill plan for a site in

the Beaufort Sea. There were many outstanding concerns with those plans that I hope you can address in brief.

Recently, Shell announced that their plans for the Arctic Ocean next year will double their proposed activity. In light of this new information and the outstanding problems from Shell's pending plans, I would hope that BOEM will require Shell to submit new exploration and oil spill response plans to address these issues. Furthermore, in light of the unique conditions in the Arctic and the many documented concerns with Arctic development, I would hope that the agency will conduct a full Environmental Impact Statement to ensure that its decisions are fully informed.

Here are my specific concerns that I hope you can address.

The Coast Guard fleet in Alaska is inadequate. The two heavy icebreakers will be out of commission for at least the next two years. The only fully functional icebreaker is the Healy, a cutter primarily used for research voyages, is not equipped to do the "heavy icebreaking" needed in the Arctic. There are no ports near the Beaufort and Chukchi Seas capable of supporting a response fleet. Right now, Shell keeps its response fleet in Unalaska, which is more than 1,000 miles away.

Moran Q44: Would BOEMRE allow the U.S. to rely solely on Shell's own equipment to deal with any spills?

ANSWER: BOEMRE will require Shell to have adequate spill response resources available before permitting a well. Nevertheless, BOEMRE would not expect sole reliance on Shell's equipment to deal with any oil spill. There are additional capabilities that when necessary, would be utilized to deal with spills. For example, Alaska Clean Seas, a not-for-profit oil spill response cooperative, responds to Prudhoe Bay and Trans Alaska Pipeline spills in the northern sector and could bolster its capabilities to assist with initial near shore and onshore response. Other capabilities would be deployed including the possible utilization of the interagency wild land fire fighting forces that are already crossed trained for spill response; many of which are already employed by the Department. This is not unprecedented and these forces have the ability to deploy to remote wilderness locations for extensive time periods.

Moran Q45: What is your opinion of realistic recovery rates for oil spilled into the marine environment? In your opinion, what is a reasonable recovery rate to require?

ANSWER: BOEMRE regulations specify recovery rates for skimmers as 20% of the name-plate capacity for planning purposes. In the Arctic, BOEMRE requires worst-case scenarios that outline the response strategies for both an open water spill and for a late season spill under varying sea ice conditions. Additionally, we require that these scenarios address additional reductions in recovery rates for equipment operating in increasing ice concentrations.

Moran Q46: Will you require or conduct an analysis of a truly worst-case scenario?

ANSWER: Yes, BOEMRE would require and carefully confirm a worst case discharge volume scenario. Additionally, BOEMRE will prepare an analysis pursuant to the National Environmental Policy Act for all exploration plans and that analysis includes worst case discharge.

Moran Q47: Will you require proven capacity for a back-up rig to drill a relief well?

ANSWER: Yes, BOEMRE requires operators to prove they have the capacity to drill a relief well.

Moran Q48: Will you require on-the-ground confirmation in the Arctic of this and other spill response equipment?

ANSWER: Depending on conditions, the Arctic can reduce, and at times even eliminate the effectiveness of many types of spill response equipment. This is why we mandate substantial ice management capabilities, which are so limited in number world-wide that they serve to limit the amount of exploration that can simultaneously take place. The reduced effectiveness in this spill response equipment for these conditions is estimated and BOEMRE requires offshore oil operators to meet or exceed the worst case discharge volume anticipated accordingly.

With respect to current proposed exploration operations in the Arctic, BOEMRE will require a full oil spill response exercise. BOEMRE will evaluate Shell's capability to implement the provisions of their oil spill response plan (OSRP) by testing, among other factors, equipment deployment and operation and incident management team activities for each operating area. Should problems or inadequacies be found during the course of the drill, Shell will be required to amend their OSRP to correct or improve their plan and conduct subsequent drills. Furthermore, additional drill inspections may be conducted on an unannounced basis during the course of drilling activities to ensure that Shell consistently maintains their spill response capabilities at a high level of readiness for immediate deployment.

Chukchi SEA

I was very encouraged to learn of the Department of Interior's March 4th announcement that it will analyze the impact of a "very large oil spill" in the Arctic's Chukchi Sea as part of a court-ordered process to redo the environmental analysis and reconsider the February 2008 lease sale (lease sale 193) in which Shell Oil and other companies leased 2.76 million acres of Chukchi Sea waters for nearly \$2.7 billion. It is my understanding that the BOEMRE plans to complete a draft of this analysis by late May 2011, followed by a 45-day public comment period and that a final version of the Supplemental Environmental Impact Statement (SEIS) may be released in October 2011.

While I applaud the decision to require drilling plans to address potential blowout oil

spill, I am puzzled, as to whether you plan to seek answers to the gap in scientific analysis and biological information that your previous lease sale plan acknowledged was missing.

Moran Q49: Given the new May deadline, what missing scientific information will you have time to gather? And how would you propose to make informed decisions without that information

ANSWER: As required by an Alaska District Court remand, BOEMRE has now completed an extensive review of identified instances of missing or incomplete information for the Chukchi Sea Lease Sale 193. This review was conducted in accordance with the requirements of the Council of Environmental Quality regulations pursuant to the National Environmental Policy Act, Section 1502.22. This review is now part of a Revised Draft Supplemental Environmental Impact Statement (SEIS) for Chukchi Sea Lease Sale 193. Future NEPA analyses may be tiered to the SEIS in addition to the analysis of "new" relevant information. BOEMRE's environmental studies program proactively anticipates information needs to ensure that the necessary information is available for rigorous and robust analysis to support decision making.

Moran Q50: Will BOEM take the time to assess and apply the USGS study to decisions moving forward in the Chukchi?

On a related matter, while it is a good idea to require and evaluate a very large oil spill at the lease sale to help inform the decision whether to hold the lease sale -- especially in light of what just happened in the Gulf and the unique circumstances of the Arctic – this should not be the end of this analysis. In the Chukchi, for example, the lease sale 193 involved nearly 30 million acres, which clearly did not allow for site specific analysis. At the exploration stage when you are dealing with specific tracks, site specific analysis is possible and necessary to understanding and minimizing potential effects at that particular site. As I mentioned before, such an analysis in such a unique environment as the Arctic should be done with a full Environmental Impact Statement.

ANSWER: BOEMRE will carefully review and where necessary apply the USGS study to decisions, when the study is available. When conducting environmental reviews, it is the general practice of BOEMRE to evaluate new information relevant to the specific proposed activity. For example, BOEMRE has applied information and "lessons learned" from several reports on the *Deepwater Horizon* event to environmental analyses in the Revised Draft Supplemental Environmental Impact Statement for Lease Sale 193 (OCS EIS/EA BOEMRE 2010-034, p. 123 to 124).

Moran Q51: Will you be analyzing a very large oil spill at the exploration stage as well for the Chukchi?

ANSWER: Yes, BOEMRE will supplement any future review of proposed exploration in the Chukchi by using information from the Revised Supplemental Environmental Impact Statement for Chukchi Sea Sale 193, which includes an analysis a very large oil spill.

The agency analysis of the effects from an uncontrolled release of approximately 2.2 million barrels of oil over a 74 day period informs the decision maker of the impacts from such an event.

Questions for the Record from Congressman Calvert

OCS Permits

I'm no doubt you are aware, the price of gas has skyrocketed over the last few weeks. Gas in my home town in California is averaging \$3.94 a gallon and in some parts of my district the price has already well exceeded \$4 a gallon for regular unleaded. While I fully support an "All of the Above" energy policy that embraces alternative fuels and renewable energy the fact remains that right now the American economy is one that runs on oil.

The United States imports nearly 60 percent of the crude that we need as a country and we run into increased price volatility when we see unrest in oil exporting countries from around the world. The Energy Information Administration has already cut its forecasts for Gulf oil production dramatically because of slow permitting and economic studies show that delays in obtaining permits will impact Gulf production by as much as 2/3rds. We as a country need you to demonstrate the system that you have in place to process permits and the plan that you have in place to ensure continued domestic production of our resources. To date I continue to see uncertainty in both areas.

Calvert Q1: Can you please explain how OCS drilling permits will be processed from this point forward?

ANSWER: The process that BOEMRE has put in place comes as a result of the *Deepwater Horizon* tragedy. Now there are significant new safeguards to protect the environment beyond what has ever existed before. These new safety measures include heightened drilling safety standards to reduce the chances that a loss of well control might occur in the first place.

Since October 12, 2010, applications for deepwater oil and gas drilling have been accepted for review and approval. Operators must certify compliance with all existing rules and requirements, including those that recently went into effect, and submit information regarding the availability of adequate blowout containment resources.

Permit applications for drilling projects must meet new standards for well-design, casing and cementing, and be independently certified by a professional engineer. The Department is also strengthening standards in the drilling and production stages for equipment, safety practices, environmental safeguards, and oversight. In addition to these new rules, the Department has also put a focus on containment capabilities in the event of a loss of well control. BOEMRE requires deepwater operators to demonstrate that they are able to promptly regain control of and contain a well in the event of a deepwater blowout that is not stopped by a blowout preventer. Only after operators have demonstrated that they have equipment and systems on hand to contain a subsea blowout will BOEMRE consider their application for a permit to drill in deepwater.

In addition to existing policies, permits are also subject to new regulations and standards as set forth in the Interim Final Rule (known as the Drilling Safety Rule), and information requirements outlined in Notice to Lessees (NTL) 2010-N06 (known as the Environmental NTL) and NTL 2010-N10 (known as the Compliance and Review NTL).

As companies resume operations, they will also need to comply with the SEMS Rule (known as the Workplace Safety Rule) within the deadlines specified by the regulation. A SEMS program must be in effect on or before November, 15, 2011.

Calvert Q2: Currently, how many off shore oil and gas permits are pending before the Department of the Interior?

ANSWER: BOEMRE is transparent in reporting the status of permits submitted. The website below provides the status of submitted, approved, withdrawn, and pending permits and is updated daily.

http://www.gomr.boemre.gov/homepg/offshore/safety/well_permits.html

Calvert Q3: Since permitting was halted in the wake of the Deepwater Horizon disaster, how many permits have been approved?

ANSWER: BOEMRE is transparent in reporting the status of permits submitted. The website below provides the status of submitted, approved, withdrawn, and pending permits and is updated daily.

http://www.gomr.boemre.gov/homepg/offshore/safety/well_permits.html

Calvert Q4: Do you intend to approve any additional permits in the future? If so, can you please share with me your timeline for approval, how many we can expect you to approve and how long we can expect to wait?

ANSWER: BOEMRE will approve permits as they are submitted if they meet the heightened safety requirements. The status of the permits is available on the BOEMRE's web site.

Of late, some have accused the Administration of issuing contradictory statements on their response to high oil and gas prices. Recently, White House Chief of Staff Daley indicated the Administration is considering tapping into the U.S. Strategic Oil Reserve as a way to increase supply. However, the Administration also chose to appeal a judge's ruling that would require DOI to stop holding up the application process of several deepwater drilling permits.

Calvert Q5: If this Administration is serious about doing something to lower the cost of gas, why has it chosen to appeal and take a clear step toward further delaying the development of domestic energy sources?

ANSWER: The BOEMRE has not intended and does not intend to slow or delay the development of domestic energy resources. The *Deepwater Horizon* event demonstrated

that prior safety controls were inadequate to address the unique needs of ultra-deep, high pressure wells which involve drilling for oil and gas many miles underground. Such wells did not exist years ago. In the aftermath of the *Deepwater Horizon* oil spill, it also became clear that problems within the offshore drilling industry were systemic and extended well beyond just newer types of drilling.

BOEMRE has determined that the most effective method for processing drilling applications is an iterative one, whereby permit applications are submitted electronically via the bureau's eWell system and reviewed online. Using the eWell system, BOEMRE engineers can readily identify permit application deficiencies and return such applications to the originator with appropriate notations for what should be corrected. The operator can then submit real-time updates. This coordination continues either until a permit application is approved or it is withdrawn by the operator.

In the case of the permits covered by the order of the District Court for the Eastern District of Louisiana in the Ensco case, the court had demanded that seven permit applications either be approved or denied within 30 days. If the applications had been complete and demonstrated compliance with the relevant operating regulations, these applications would already have been approved. Instead, by ordering the bureau to focus resources on these few applications, the court would have forced the bureau to delay processing of other, more pressing or complete applications. This would not have expedited the approval of permit applications as a whole. In fact, it would likely have forced the bureau to decline the outstanding Ensco-related permit applications and require that the lessees resubmit completely new applications from the beginning – thereby delaying the application process.

In addition, a court order to immediately respond to all outstanding applications for drilling permits would likely force staff to drop other critical priorities such as ongoing inspections and site assessments. Such an order would likely significantly delay or defer the processing of permit applications for requests to modify, which could have a significant detrimental effect on the ongoing operations of OCS operators. A court mandated deadline on drilling permit applications would force the bureau to refocus its resources on those permits and reduce the time dedicated to reviewing requests to modify. As a result, operators would routinely be forced to shut down rigs in order to wait for these approvals – further delaying the development of new productive resources.

Calvert Q6: How does the Administration defend the fact that by dragging its feet on allowing increased domestic energy production it is simply prolonging our dependence on oil from the Middle East and shipping huge amounts of money and jobs overseas

ANSWER: The delays associated with the moratorium were necessary for the Department to properly research the cause of the *Deepwater Horizon* event and to determine what will be required to avoid a repeat in the future. The resulting new safety standards and environmental controls did take some time to formulate and implement, however, these reforms were and are necessary to effectuate the OCSLA mandate for "expeditious development subject to environmental safeguards." Now that new safety

standards and environmental controls are in place, operators can make the necessary changes in their operations and BOEMRE can approve the resumption in deepwater drilling operations. The costs of the *Deepwater Horizon* event have been enormous and the impact of another such spill would also be very severe. It is the position of the Department and the Administration that the increase in costs associated with a temporary delay of deepwater drilling, and the implementation of enhanced safety requirements, are more than offset by a decrease in the risks of environmental impacts associated with another potential spill and the costs that would occur in the event of such a spill.

The Department knows that the recent crude oil price increases, which translate into higher prices at the pump, have many causes, including the global economic recovery and unrest abroad. Recent price rises have been the result of external factors, coupled with continued significant global oil demand. The Administration is working to reduce oil demand and has taken steps at home through efficiency, technology, and conservation and to increase domestic production in a manner that is safe and protects our environment.

The U.S. offshore has traditionally been considered very stable for energy investment when compared to other oil and gas rich areas of the world. That stability appears to be eroding significantly with increased costs of regulation and now increased costs related to delays in obtaining permits. These items appear to be well within the control of the government and should be given significant attention so that delays can be eliminated or mitigated and we can promote energy investment in America. I'm not by any means suggesting that we sacrifice safety but I am telling you that the processing of paperwork should not result in delays in permitting.

Calvert Q7: What have you done to streamline permitting and eliminate delays?

ANSWER: BOEMRE is working diligently to help industry adapt to and comply with new, rigorous safety practices. These standards ensure that oil and gas development continues, while also incorporating key lessons learned from the *Deepwater Horizon* incident.

BOEMRE has issued guidance for offshore deepwater drillers to comply with safety and containment requirements. The guidance contains no additional regulatory requirements, but instead provides clarifying information to assist the oil and gas industry in complying with existing regulations and guidance. This guidance document gives deepwater drilling operators additional information to help address some of the recurring issues that have been raised in our ongoing discussions with industry.

Our latest effort was on June 3, 2011, when BOEMRE Director Michael R. Bromwich announced that the bureau is putting in place significant improvements in the oil and gas permit application process. These improvements include the publication of a permit application checklist to assist offshore oil and gas operators in submitting complete applications to drill; the implementation of completeness checks by BOEMRE personnel

before significant staff time is spent reviewing the application; and the development of clear permit review priorities that will expedite agency reviews.

The moratorium and de facto moratorium have made it impossible for companies to advance operations on their leases off-shore, which are significant investments and come with an expiration date. Energy producers view each lease as part of a larger portfolio of leases and make decisions based on the whole, not the part. By limiting production opportunities you are taking away the ability for oil and gas to be produced and for the government to receive significant revenues associated with production. Yet you have thus far refused requests to extend these leases.

Calvert Q8: Why have you chosen not to extend these leases? Would a lease extension require Congressional action? If so, would you support it?

ANSWER: On May 14, 2011, President Obama laid out his strategy to continue to expand responsible and safe domestic oil production, leveraging existing authorities as part of his long-term plan to reduce our reliance on foreign oil. In order to give companies more time to meet higher safety standards for exploration and development, the Department is extending those drilling leases in the Gulf of Mexico that were impacted by the temporary moratorium, as well as certain leases off the coast of Alaska.

Calvert Q9: The OCS leasing program brings in billions annually to the U.S. treasury. What analysis have you done on the economic impacts of delayed and scaled back leasing under the OCS leasing program?

ANSWER: The Department is in the process of planning for lease sales in the Central and Western Gulf of Mexico by mid-2012. The bonuses that government may have received in sales postponed over the past year are simply delayed - not lost. So, the Department does not envision any losses in revenues, rather a redistribution over time potentially resulting in higher aggregate amounts.

Questions for the Record from Mr. Flake

Stopping the Use of Categorical Exclusions

The Director indicated in written testimony that the Bureau will "no longer routinely use categorical exclusions under the National Environmental policy Act to approve new projects in deepwater." Obviously, this is an abrupt change that some have suggested could add more than six months to the permitting process. The Director indicated that the Bureau is looking at the issue with a comprehensive review of the application of the Act.

Flake Q1: When you say that "no longer routinely" using categorical exclusions means that you won't use them at all?

ANSWER: On August 16, 2010, Secretary of the Interior Ken Salazar and I announced that the Department will restrict its use of categorical exclusions for offshore oil and gas development to activities involving limited environmental risk, while it undertakes a comprehensive review of its National Environmental Protection Act (NEPA) process and the use of categorical exclusions for exploration and drilling on the Outer Continental Shelf. This announcement follows the release of the Council on Environmental Quality's (CEQ) report on the former Minerals Management Service's NEPA program. The report was done in close consultation between Interior and BOEMRE.

On October 8, 2010, BOEMRE published in the Federal Register a Notice of Intent to Conduct a Review of Categorical Exclusions for Outer Continental Shelf Decision. The 30-day public comment period for the review ended November 8, 2010. BOEMRE received over 3,200 comments. All comments will be reviewed and considered in the process of revising the content and use of categorical exclusions. While this review is underway, BOEMRE will be using categorical exclusions on a more limited basis. For actions that potentially involve more significant environmental risk, Interior officials intend to subject more decisions to environmental assessments or environmental impact statements.

The limited use of categorical exclusions will allow BOEMRE to move forward with new permits for shallow water drilling activity as soon as they provide additional information about potential blowout scenarios and implement additional safety measures for rigs and platforms. BOEMRE has made clear that until the comprehensive review is completed, categorical exclusions should not be used to approve deepwater drilling activities.

Flake Q2: Can you give us a sense of timing for when we could see the review completed? As I am sure you are aware, categorical exclusions are useful tool for limiting red tape for actions that don't "individually or cumulatively have a significant effect on the human environment." Do you anticipate the future use of categorical exclusions at all?

ANSWER: When the review is completed, BOEMRE will announce a new approach to NEPA compliance that takes into account the joint recommendations included in CEQ's

report, statutory and/or regulatory constraints, and other appropriate factors. This is consistent with the Council's regulations directing all Federal agencies to periodically review their NEPA policies and procedures.

Exceptions to a categorical exclusion may arise and Federal agencies are required to develop procedures to determine whether a normally excluded action may have a significant environmental effect. The Categorical Exclusion Review determines whether a proposal that is categorically excluded may meet any of the Department's extraordinary circumstances criteria, requiring an environmental assessment or environmental impact statement.

Permitting Delays

Clearly there is impatience in waiting for the approval of offshore drilling permits. Noting the approval of the second deepwater project, the American Petroleum Industry urged the Administration to stop taking "baby steps." In an opinion piece published on March 6, seemingly to try to dissuade concerns people from the idea that the Administration is not in the middle of a "concerted effort not to issue deep-water permits," the Director said: "...the pace of deep-water drilling permit approval will not, at least in the short-term, match the pace of pre-Deepwater Horizon approvals."

Flake Q3: If not in the short-term, then when do you anticipate the pace of deep-water drilling permit approvals to improve considerably? Do you ever anticipate matching the pace of pre-Deepwater Horizon approvals?

ANSWER: BOEMRE is working diligently to ensure that operators meet the regulatory standards necessary to issue permits for safe drilling operations. On February 28, 2011, BOEMRE approved a permit to drill a deepwater oil well in the Gulf of Mexico, the first such permit issued since the *Deepwater Horizon* event. The permit was issued because the operator successfully demonstrated that it can drill its deepwater well safely and that it is capable of containing a subsea blowout if it were to occur.

We have continued to issue shallow water permits in every case where the application complies with all of our heightened standards that apply to shallow water operations. As of June 1, 2011, 55 new shallow water wells have been permitted since the implementation of new safety and environmental standards on June 8, 2010. Permits have averaged 6 per month since October 2010. Since late-February when industry first demonstrated subsea containment, we have permitted 15 deepwater wells.

Additionally, BOEMRE has issued guidance for offshore deepwater drillers to comply with safety and containment requirements. The guidance contains no additional regulatory requirements, but instead provides clarifying information to assist the oil and gas industry in complying with existing regulations and guidance. This guidance document gives deepwater drilling operators additional information to help address some of the recurring issues that have been raised in our ongoing discussions with industry.

Our latest effort was on June 3, 2011, when BOEMRE Director Michael R. Bromwich announced that the bureau is putting in place significant improvements in the oil and gas permit application process. These improvements include the publication of a permit application checklist to assist offshore oil and gas operators in submitting complete applications to drill; the implementation of completeness checks by BOEMRE personnel before significant staff time is spent reviewing the application; and the development of clear permit review priorities that will expedite agency reviews.

BOEMRE is proceeding judiciously, with safety at the forefront of its permitting decisions. Drillers still must prove that they can contain runaway wells before being granted a permit.

BUREAU OF INDIAN AFFAIRS 2012 BUDGET REQUEST

WITNESSES

LARRY ECHO HAWK, ASSISTANT SECRETARY, INDIAN AFFAIRS MICHAEL S. BLACK, DIRECTOR, BUREAU OF INDIAN AFFAIRS KEITH MOORE, DIRECTOR, BUREAU OF INDIAN EDUCATION

OPENING REMARKS OF CHAIRMAN SIMPSON

Mr. SIMPSON. The meeting will come to order. Good afternoon, Assistant Secretary Echo Hawk. I would like to welcome you along with BIA Director Black and BIE Director Moore to the House Appropriations Committee hearing for the fiscal year 2012 Budget for Indian Affairs. Assistant Secretary, you and I go back many years to our days in the Idaho State Legislature, and I have always held you in the highest regard. I hope I am able to continue to work with you for years to come in our respective current capacities as we attempt to make a difference in the lives of over 1.4 million Native Americans and Alaskan Natives.

As you may have gathered by now, particularly from looking at H.R. 1, honoring this Nation's commitments to Indian Country is a high priority for this Subcommittee in this Congress. Fiscal year 2012 budget for Indian Affairs concerns us as it calls for a \$119 million reduction from 2010. I cannot help but note the irony of the request in light of the fact that this Subcommittee is still fighting tooth and nail just to keep Indian Affairs level funded for 2011. I have no doubt that you share our concerns about the 2012 budget request as those of us here today are painfully aware of the unmet needs in Indian Country.

While our collective attention on international affairs is aimed squarely at current events overseas, here at home we continue to have people who live in third-world conditions. If you want to see real poverty in this country, go visit an Indian reservation, as I know you have many, many times.

If only it were true that increasing public awareness or increasing the Indian Affairs budget alone would solve these problems. Earlier this year the Acting Inspector General testified before this Subcommittee that she could spend her entire budget in Indian Country issues and still not address every problem. To me that suggested the system in place now is fundamentally broken.

I have no doubts about the Administration's collective and genuine commitment to Indian Country and about your skill in identifying problems and adaptively managing those solutions. What I am interested in is where the Department goes from here, how it gets there, how it measures success. I look forward to our discussions on the budget today and in the context of those questions, I look forward to working with you to solve some of these problems.

Mr. SIMPSON. With that, I am happy to yield to the gentleman from Virginia, Mr. Moran, for any opening statement he might have.

OPENING REMARKS OF MR. MORAN

Mr. MORAN. Thank you very much, Mr. Chairman. I have got to thank you for something else as well. I do want to say a few words since this is the first hearing this year we have had with regard to Native American programs.

Chief, nice to see you. Nice to see you, colleagues, and thanks for all you are doing. I would like to put in a little quote, and since we have—I was not sure whether Rick Healy was going to get into this like Chris Topic did but he has come through.

VOICE. You got a quote book, too?

LEGAL AND MORAL OBLIGATIONS

Mr. Moran. I got a quote book. So Chief and Indian Wise Man, Shinguaconse, is that the correct pronunciation for Shinguaconse? I think it is. It translates to Little Pine. But he said, "My father," referring to basically the U.S. Federal Government, "you have made promises to me and to my children. If the promises had been made by a person of no standing, I should not be surprised to see his promises fail. But you, who are so great in riches and power, I am astonished that I do not see your promises fulfilled. I would have been better pleased if you had never made such promises, that you should have made them and not performed them." And that has been the legacy, at least for the vast majority of the existence of this Republic, but it is changing and has to change. And it is one thing that we do have bipartisan agreement on, at least on this committee, that it will change.

So I just want to underscore the fact that I know we feel on both sides of the aisle that we have a legal obligation because of our treaties with Indian tribes, but also we have a moral obligation to enhance the economic, the social and the cultural well-being of Native Americans. Tribes and individual Indians are not looking for a hand out but rather a hand up. I know it is a cliche, but it certainly does apply here. Great nations should keep their commitments and especially because of the long history the Federal Government has had with Native Americans. We need to back our promises with concrete actions. It is not to say that we do not need to carefully look at the funding for our Native American programs, and at times I have been very disappointed with some of the bureaucracy of the BIA, and for many years BIA was not on the side of the Indians, frankly. But while we need to make sure that the funds are providing the services and the programs and that we have concrete results for the money that is invested, we know that we have to make this a priority, whether we have Indian tribes in our district or not.

But we have a strong, as I say, bipartisan tradition on this subcommittee, and while I obviously do not support so many of the provisions, almost all of the provisions of H.R. 1, I want to com-

Mr. SIMPSON. The dump truck.

H.R. 1

Mr. Moran. Dump truck? Riders and everything else. But I want to take this opportunity to commend the Chairman and the majority. And I know Mr. Cole was particularly influential in this. They protected Native American programs. Where everything else was on the chopping block, they protected Native American programs in the fiscal year 2011 bill.

FY 2012 BUDGET

So as we develop the fiscal year 2012 budget for the BIA, our goal remains putting the BIA in a better position to move forward in helping tribes and Native Americans address the educational, social and the economic developments that the Indian Country faces, the challenges that they face. And that is why it is important to have BIE as well, and we are going to do the same, I trust, for the Indian Health services.

During the 111th Congress, we addressed a number of significant issues affecting Indian Country, including the Cobell settlement, law enforcement, particularly the treatment of women on reservations, Indian healthcare, Indian water rights settlements. And so we very much look forward to the testimony of our Assistant Secretary, Chief Echo Hawk. Thank you for your service again, and we are determined on this Subcommittee to do the right thing. So thank you again for being here, and thank you, Mr. Chairman, for all you have done.

TESTIMONY OF MR. ECHO HAWK

Mr. SIMPSON. Secretary Echo Hawk.

INDIAN AFFAIRS

Mr. Echo Hawk. Thank you, Mr. Chairman, and Ranking Member Moran and Subcommittee members. Let me first of all just express my appreciation for the work that has been done on the fiscal year 2011 budget to this point. I appreciate that very much.

The President has requested a \$2.5 billion budget for Indian Affairs, and through the work of the Tribal Interior Budget Council, this budget has been crafted after careful consideration with American Indian and Alaskan Native government representatives. The President has called upon members of his Administration to meet important objectives while exercising fiscal responsibility, and consistent with that directive, difficult choices have been made in formulating the 2012 Budget Request for Indian Affairs.

As already mentioned, this request reflects a \$118.9 million reduction, in other words, 4.5 percent below the fiscal year 2010 enacted level, and we have tried to make strategic cuts in order to fund tribal priorities. Thus, this proposal has \$89.6 million of targeted increases for tribal programs that are proposed, and I would like to just highlight some of those targeted increases.

ADVANCING INDIAN NATIONS

Under the category of Advancing Indian Nations or nation-to-nation relationships, there is a \$42.3 million increase, and I want to

spotlight that includes Contract Support, which is a very high priority of Tribal Nations. That figure is an increase of \$25.5 million, and there is also \$4 million proposed for the Indian Self-Determination Fund which would assist Tribes to further contract or compact additional programs.

SMALL AND NEEDY TRIBES

And we have also included \$3 million to support small and needy tribes. This helps the very small tribes carry out the very basic responsibilities of tribal government, and this would affect about 114 tribes in Alaska and about 17 in the lower 48 states.

PROTECTING INDIAN COUNTRY

Under the initiative of Protecting Indian Country, we are proposing an increase of \$20 million which includes \$5.1 million for law enforcement operations and also a total of \$11.4 million for detention center operations and maintenance. And there is an additional \$2.5 million proposed for tribal courts.

IMPROVING TRUST LAND MANAGEMENT

Under the initiative of Improving Trust Land Management, there is an increase requested of \$18.4 million. I just want to spotlight that \$2 million of that would go for grants to tribes directly for projects to evaluate and develop renewable energy resources on their tribal trust lands. And there are a number of initiatives under the Trust, Natural Resource Management to support the \$7.7 million proposed increase.

INDIAN EDUCATION

With regard to a fourth category of improving Indian education, we have requested an increase of \$8.9 million which spotlights initiatives to have safe and secure schools and also allocates \$3 million for Tribal Grant support costs. This is similar to the Contract Support cost requested for tribal governments, but these are for the elementary and secondary schools that we have responsibility for and basically covers administrative overhead. They are operating now at about 62 percent of what would be full tribal grant support. And there are a number of decreases in the program.

TRIBAL DISTRIBUTION

I do not think in the interest of time—I know the Subcommittee has some votes. I am not going to go through all of those decreases, but I did want to just spotlight that almost 90 percent of all of the appropriations requested are to be expended at the local level and 63 percent of the appropriations would be provided directly to Tribes. And this would amount to a 4.99 percent increase in the Tribal Priority Allocation which is the core program for tribal governments

So I know the needs in Indian Country are very great, but under the present situation, President Obama's budget faithfully seeks to meet those needs by following the priorities set by tribal leaders. So we would be very happy to respond to questions, and as the Chairman noted, I have the Bureau of Indian Affairs Director and the Bureau of Indian Education Director with me today to be able to answer detailed questions that I may not have sufficient information on. Thank you.

[The statement of Larry Echo Hawk follows:]

THE SHOSHONE-PAIUTE TRIBES OF THE DUCK VALLEY INDIAN RESERVATION

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HEARING BEFORE THE HOUSE SUBCOMMITTEE ON INTERIOR, ENVIRONMENT, AND RELATED AGENCIES ON THE FY 2012 BUDGET May 3-4, 2011

Testimony of the Honorable Robert Bear Chairman, Shoshone-Paiute Tribes

My name is Robert Bear. I am the Chairman of the Shoshone-Paiute Tribes of the Duck Valley Indian Reservation. Our 290,000-acre Duck Valley Reservation straddles Idaho and Nevada. I, together with a six-member Business Council, oversee tribal government operations for our over 2,500 enrolled members. I am testifying to respectfully urge the Committee to fully fund tribal contract support cost requirements in FY 2012 (\$615 million for the Indian Health Service and \$225 million for the Bureau of Indian Affairs), and to support the Administration's request for \$6 million to fund our water settlement in FY 2012.

The Shoshone-Paiute Tribes face challenging conditions in an extremely remote area. While farming and ranching continue to be our primary businesses, our members struggle to make ends meet. The 2005 BIA Labor Force Statistics show that our members who reside in the Idaho portion of the Reservation suffer an unemployment rate of 79%, while those who reside on the Nevada portion suffer an unemployment rate of 64%. For those Tribal members fortunate enough to be working, 51% still live below the poverty level. From our Owyhee Community Health Facility, to our housing program, to the other programs the Tribes operate under our Title IV and Title V self-governance compacts, conditions remain tough for our members.

Without the requested contract support cost increase, the Shoshone-Paiute Tribes will continue to suffer contract underpayments from the Government of \$450,078 under our IHS compact and \$145,026 under our BIA contract, together equivalent to 11 positions in health care, public safety, roads safety, housing, and other essential governmental services. Given not only our precarious local economy, but also the Government's legal obligations to our Tribes, this is not acceptable.

Every dollar that BIA and IHS withhold in owed CSC funding means a dollar less in direct program services that we can spend on our members. It means staff vacancies for health care and social programs that our members so desperately need and deserve, and which they would receive were the Government still running these programs. From FY 2007 through FY 2010 these two agencies will have shorted us by over \$2 million—monies that the agencies were required to pay us, but did not pay us, under our self-governance contracts.

That CSC shortfalls cost jobs is shown by what happened last year when the shortfall was partially reduced, thanks to this Committee's and the President's commitment. When IHS reduced our shortfall by \$224,225, we added four jobs, including two medical coders and a clerk/voucher examiner (all to strengthen our third-party collections from Medicare, Medicaid and other third-party payers), plus a security guard. These are all good paying and vitally needed jobs that will now be permanent.

Our experience last year proves that reducing the CSC shortfall really <u>does</u> restore jobs that were lost on account of the historic shortfall.

The CSC shortfall amount may be just another number to BIA and IHS officials who have long neglected their contractual obligations to Tribes. But I know it means more to this Committee and this Congress. For us, these shortfalls mean not only lost jobs but a youth lost in the criminal justice system, or a diabetic elder who is turned away from needed counseling or denied prescriptions, or billings that go uncollected because we haven't the staff to pursue valid claims.

It also means a stop in forward progress toward greater self-determination, and instead continued dependence on the BIA.

For instance, in 2008, we entered into an agreement with the Federal Highway Administration (FHWA) to assume the Indian Reservation Roads Program serving the Duck Valley Reservation. We also notified the BIA of our intent to assume the BIA Road Maintenance Program. Our plan was to consolidate transportation planning, design, construction and maintenance under tribal administration. The only problem was that the prior Administration would not provide required contract support costs. If we took over the BIA Road Maintenance Program in 2008, the BIA told us we'd have to divert program funds to pay for our insurance, audit and other contract support costs.

Had we been able to go forward, <u>we</u> would decide which roads to repair. <u>We</u> would coordinate with the Elko County School District to ensure that bus routes remain open during bad weather. <u>We</u> would be in charge of improving road safety on our Reservation for our own people and our neighbors. <u>We</u> would employ our own members who need the work and can do the work.

Mr. Chairman, the Shoshone-Paiute Tribes cannot subsidize BIA- and IHS-funded programs. We simply haven't the means to do so. Besides, it is both wrong and illegal under the Indian Self-Determination Act to shortchange the tribal governments that offer to administer the Government's programs and that take those programs off of the Government's hands. We even secured a Supreme Court victory that says so in <u>Cherokee Nation and Shoshone-Paiute Tribes v. Leavitt</u> (2005). But until this Committee provides the necessary funds to meet those obligations, we will continue to see our contracts breached year in and year out.

As for the remainder of the President's Budget, we want to salute the President for honoring the Government's commitment in our water settlement by allocating \$6 million in the Budget for this purpose in FY 2012. While we appreciate the need to slim down government expenditures wherever possible, a settlement is a legally binding obligation which must be honored and paid. We thank the President for recognizing this, and the Committee for its support as well.

Thank you for the honor of presenting testimony to this Committee on behalf of the Shoshone-Paiute Tribes of Idaho and Nevada.

\$2.0 million, which will provide funds for additional professionals to conduct environmental audits at BIE schools.

Another component of BIE funding is Tribal Grant Support Costs, which cover administrative and indirect costs at 126 tribally controlled schools and residential facilities. Tribes operating BIE-funded schools under contract or grant authorization use these funds to pay for the administrative overhead necessary to operate a school, meet legal requirements, and carry out other support functions that would otherwise be provided by the BIE school system. The budget increases funding for these activities by \$3.0 million.

Improving Trust Land Management

In addition to the human services components of Indian Affairs, the United States holds 55 million surface acres of land and 57 million acres of subsurface mineral estates in trust for Tribes and individual Indians. Trust management is vital to tribal and individual economic development. The management of Indian natural resources is a primary economic driver in many regions within the country. For example, some of the larger forested tribes operate the only sawmills in their region and are major employers of not only their own people, but of the non-tribal members who live in or near their communities

This Administration seeks to continue advancing the Strengthening Tribal Nations initiative by assisting Tribes in the management, development and protection of Indian trust land, as well as natural resources on those lands. The FY 2012 budget request includes \$18.4 million in programmatic increases for land and water management activities. Those activities include: \$1.2 million for land development in the former Bennett Freeze area in Arizona on the Navajo Nation reservation and \$1.0 million for the Forestry program.

The 2012 budget provides \$2.0 million for the Rights Implementation program and the Tribal Management and Development program to support fishing, hunting, and gathering rights on and off reservations. The request provides \$2.0 million for Fish, Wildlife, and Parks programs and projects to support fisheries management by BIA and Tribes. The budget also provides an additional \$500,000 for the Invasive Species/Noxious Weed Eradication program to provide weed control on 20,000 acres.

The budget proposes an additional \$1.0 million for the Water Management and Pre-Development program to assist Tribes in the identification and quantification of water resources; \$1.0 million for Water Rights/Litigation to defend and assert Indian water rights. The budget also provides an increase of \$3.8 million to help BIA address dam safety deficiencies and ensure public safety near high hazard dams in Indian Country.

Additional increases for Improving Trust Land Management are included in the New Energy Frontier and the Cooperative Landscape Conservation initiatives.

New Energy Frontier Initiative

The Office of Indian Energy and Economic Development (IEED) works closely with Tribes to assist them with the exploration and development of tribal lands with active and potential energy resources. These lands have the potential for renewable and conventional energy resource development. The FY 2012 budget includes an increase of \$3.5 million in Indian Affairs for conventional and renewable energy projects as part of the Department's New Energy Frontier initiative, which will allow Indian Affairs and Tribes to explore and develop 1.8 million acres of active and potential energy sources on tribal land. The IEED provides funding, guidance, and implementation of feasibility studies, market analyses, and oversight of leasehold agreements of oil, gas, coal, renewable and industrial mineral deposits located on Indian lands.

This increase includes \$2.0 million in the Minerals and Mining program to provide grants directly to Tribes for projects to evaluate and develop renewable energy resources on tribal trust land, a vital first step before energy development can begin. The budget also contains a \$1.0 million increase for conventional energy development on the Fort Berthold Reservation. To further expedite energy development on the Fort Berthold Reservation, Indian Affairs, the Bureau of Land Management, Bureau of Ocean Energy Management, Regulation and Enforcement, and the Office of the Special Trustee for American Indians created a "virtual" one-stop shop. The IEED - Division of Energy and Mineral Development, at the one-stop shop, has been proactive in using technology and technical assistance to process permits on the Fort Berthold Reservation. In 2010, the number of wells went from zero wells at the start of 2010 to over 100 producing wells at the end of 2010. It is anticipated that in 2011 this number will double to over 200 producing wells on Indian trust lands. The budget includes a \$500,000 increase to support staff onsite, as well as provide on-call access to the full range of the Department's operational and financial management services.

In addition, IEED supports economic growth in Indian Country and assists Indian Tribes in developing economic infrastructure, augmenting business knowledge, increasing jobs, businesses, capital investment, as well as developing energy and mineral resources on trust lands. IEED has initiated many programs, projects, technical conferences and training programs to address the lack of employment, and intends to continue these efforts.

Cooperative Landscape Conservation Initiative

Indian Affairs will co-lead the North Pacific Landscape Conservation Cooperative (LCC) with the U.S. Fish and Wildlife Service and support tribal outreach efforts of other LCCs, particularly those in the northwestern U.S. In the North Pacific Cooperative, Indian Affairs will seek tribal input and perspective from Tribes with traditional ecological knowledge; and both Indian Affairs staff and local tribal members will be involved to develop strategies to address adaptation.

Requested Decreases

The initiatives described above, and the related increases in the Administration's request, mark a continued step toward the advancement of the Federal government's relationship with tribal nations. These initiatives focus on those programs geared toward strengthening tribal nations and reflect the President's priorities to support economic development in Indian Country.

The President has also called upon members of his Administration to meet important objectives while also exercising fiscal responsibility. Consistent with that directive, we made several difficult choices in the FY 2012 appropriations request for Indian Affairs.

The 2012 request includes \$43.3 million in program decreases for the Operation of Indian Programs account including administrative central office reductions of \$14.2 million resulting from streamlining and improving oversight operations and to correspond to other programmatic cuts within the 2012 request. The budget reduces Real Estate Projects by \$10.9 million; the remaining funds will be used to focus program operations on cadastral surveys as a catalyst for economic development for Tribes. The budget reduces Land Records Improvement by \$8.5 million; the remaining funds will maintain core operations for the Trust Asset and Accounting Management System. The budget reduces the Probate Backlog by \$7.5 million as over 18,000 cases are expected to be completed.

The Indian Affairs 2012 budget includes \$32.9 million for ongoing Indian land and water settlements, which includes a reduction of \$14.5 million reflecting completion of the Pueblo of Isleta, Puget Sound Regional Shellfish, and Soboba Band of Luiseno Indians settlements. The budget includes \$9.5 million for the sixth of seven required payments for the Nez Perce/Snake River Settlement. The Omnibus Public Land Management Act of 2009 authorized payments to Shoshone-Paiute Tribes of the Duck Valley Reservation; this budget includes \$12.0 million for the third payment for that settlement. The Act also authorized settlement payments to the Navajo Nation; the budget includes \$6.0 million for Navajo Nation Water Resources Development Trust Fund and \$4.4 million for the San Juan Conjunctive Use Wells and San Juan River Navajo Irrigation Rehabilitation Project which are part of the Navajo-Gallup Settlement.

The Construction program contains program reductions of \$65.0 million. Of this programmatic decrease, \$41.5 million for Public Safety and Justice new facility construction has been reduced from the Construction budget. The budget is reduced by \$8.9 for Education Replacement Facility Construction, \$5.0 million for Public Safety and Justice Employee Housing; the Department has taken a strategic approach to not fund new construction in 2012. At the requested level, the Education Construction budget redirects funding from new construction activities to Facility Improvement and Repair to achieve greater flexibility in maintaining existing facilities and employee housing.

The budget includes a reduction of \$9.0 million for the Navajo Indian Irrigation Project. Indian Affairs is evaluating continuing construction on the Navajo Indian Irrigation Project. Additionally, \$57.3 million was transferred from Construction to the Operation of Indian Programs account so to better align and consolidate operations and maintenance funding.

The request takes into consideration the \$285.0 million that was provided to Indian Affairs for school and detention center construction activities and \$225.0 million provided to the Department of Justice for detention center construction in Indian Country under the American Recovery and Reinvestment Act (Recovery Act). With funding from the Recovery Act, Indian Affairs will complete a number of high priority projects.

Although there are decreases to the construction programs in the appropriations request, the appropriations request does contain the following construction items: \$52.1 million for Education, \$11.3 million for Public Safety and Justice, \$33.0 million for Resource Management, and \$8.5 million for Other Program Construction.

The budget provides \$3.1 million for the Indian Guaranteed Loan program, a reduction of \$5.1 million from the 2010 Enacted level. The program will undergo an evaluation, develop a comprehensive performance metric framework, and improve efforts to work with other Federal agencies that assist Tribes in loans.

The 2012 budget includes a reduction of \$3.0 million for the Indian Land Consolidation Program. The Claims Resolution Act of 2010 included the *Cobell v. Salazar* settlement agreement. The agreement includes \$1.9 billion for land consolidation that will be utilized to consolidate fractionalized land interests to be more economically viable for Tribes.

Conclusion

We are aware of the current fiscal challenges our nation faces. This Administration understands the need to take fiscal responsibility, and also understands the need to strengthen tribal nations, foster responsible development of tribal energy resources, and improve the Nation-to-Nation relationship between tribal nations and the United States. It is our sincere belief that we have struck a balance in this FY 2012 budget request for Indian Affairs that achieves the President's objectives of fiscal discipline while at the same time meeting our obligations to tribal nations with which our Federal government has a Constitutionally-based government-to-government relationship.

Mr. Chairman and members of the subcommittee, thank you for the opportunity to appear before you today. I am happy to answer any questions you may have.

Larry Echo Hawk Assistant Secretary - Indian Affairs U.S. Department of the Interior

Larry Echo Hawk, an enrolled member of the Pawnee Nation of Oklahoma, was confirmed by the United States Senate as the Assistant Secretary-Indian Affairs for the U.S. Department of the Interior on May 19, 2009, and was sworn into office by Secretary of the Interior Ken Salazar on May 22, 2009, the 11th Assistant Secretary-Indian Affairs to be confirmed since the position was established by Congress in the 1970s. Prior to his appointment, Mr. Echo Hawk served for 14 years as a Professor of Law at Brigham Young University's J. Reuben Clark Law School where he taught Federal Indian law, criminal law, criminal procedure, evidence, criminal trial practice, and published several scholarly papers. In 1977, he was named Chief General Legal Counsel to the Shoshone-Bannock Tribes of the Fort Hall Indian Reservation in Idaho, a position he held for more than eight years. He became special counsel to the tribes in 1998.

Mr. Echo Hawk was elected Attorney General of Idaho in 1990, the first American Indian in U.S. history to achieve that distinction. He had served as the Bannock County (Idaho) Prosecuting Attorney since 1986. Before that, he served two consecutive terms in the Idaho House of Representatives, from 1982 to 1986. Mr. Echo Hawk also was honored in 1995 as the first BYU graduate ever to receive the National Collegiate Athletic Association's prestigious Silver Anniversary Award, which is given to a select few prominent athletes who completed their collegiate athletic eligibility 25 years ago and have distinguished themselves in their careers and personal lives. Mr. Echo Hawk and his wife Terry have six children and 23 grandchildren.

Michael S. Black Director-Bureau of Indian Affairs

Michael S. Black was named the Director of the Bureau of Indian Affairs on April 26, 2010. The Director of the Bureau of Indian Affairs is responsible for managing the BIA's day-to-day operations through four offices – Indian Services, Justice Services, Trust Services and Field Operations – which administer or fund tribally based infrastructure, law enforcement, social services, tribal governance, natural and energy resources and trust management programs for 564 Federally recognized Tribes.

Prior to that, he was the Regional Director for the BIA's Great Plains Regional Office in Aberdeen, South Dakota, which oversees 12 agencies that together serve 16 Federally recognized tribes in three states (Nebraska, North Dakota and South Dakota). Mr. Black was named to his position in July 2008 after having served since January 2004 as the Deputy Regional Director for Indian Services in the Bureau's Rocky Mountain Regional Office in Billings, Montana, during which time he also served a period of eight months as the acting Great Plains Regional Director. Mr. Black began his Federal career in 1987 with the BIA's Aberdeen Area Office (now the Great Plains Regional Office) as a General Engineer in the Branch of Facilities Management. He went on to hold regional facility and engineering management positions in the Billings Area Office (now the Rocky Mountain Regional Office) until being named the Deputy Regional Director. Mr. Black is an enrolled member of the Oglala Sioux Tribe in South Dakota.

Keith O. Moore Director, Bureau of Indian Education U.S. Department of the Interior

Keith O. Moore, an enrolled member of the Rosebud Sioux Tribe in South Dakota, is the Director of the Bureau of Indian Education in the U.S. Department of Interior. He started in his new post on June 7, 2010. Reporting to the Assistant Secretary-Indian Affairs, the BIE Director is responsible for overseeing a federal school system that provides elementary and secondary education for 42,000 American Indian and Alaska Native children from federally recognized tribes, as well as overseeing the administration of two post secondary institutions, providing funding for 26 tribal colleges and universities and two technical colleges, and operating higher education scholarship programs.

Prior to becoming the BIE director, Mr. Moore had served since August 2009 as the Chief Diversity Officer at the University of South Dakota in Vermillion, S.D. In that capacity, he served as principal advisor and coordinator of policies and programs aimed at achieving the university's diversity goals. Answering directly to the Provost, some of the projects he worked on while at USD have been the South Dakota Partnership for Teacher Quality (PTQ), the Race To the Top Proposal for South Dakota, and the American Indian University at Crazy Horse Memorial Monument.

The PTQ is intended to increase student achievement in K-12 schools by developing highly qualified teachers. The Race To the Top Proposal for South Dakota is another project he has worked on. Its primary goal is to connect the tribes and the state in a collaborative effort to develop a Native American Residential Science, Technology, Engineering and Math School. The American Indian University at Crazy Horse Memorial Monument is a summer program to take place in June 2010. Its purpose is to prepare individuals for the rigors of college, give accepted students introductory university courses that can be transferred to any regionally accredited college or university, offer paid internships at the Memorial, and to fulfill the mission of the Crazy Horse Memorial Foundation.

On July 1, 2005, Mr. Moore was named Indian Education Director for the South Dakota State Department of Education, where he was a liaison between the Department and tribal education officials, BIE offices in Aberdeen, S.D., and Albuquerque, N.M., K-12 educators and the U.S.

Department of Education's Office of Indian Education. During his tenure, projects he directed or was involved with included an Indian Education Summit, Indian Education Advisory Council in South Dakota, the National Indian Education Advisory Committee, the Indian Education Act of 2007 in South Dakota, the U.S. Department of Education Office of Indian Education National Conference, Project Director GEAR UP South Dakota (GUSD), I LEAD, South Dakota College Access Challenge Grant (SDCAC), and Core Concepts Planning Grant (CCPG).

Mr. Moore graduated in 1990 from Northern State University in Aberdeen, S.D., with a B.S. degree in Health and Physical Education/Social Sciences. He received a M.A. degree in Educational Administration from South Dakota State University-Brookings in 2002. He also holds a Governor Rounds' South Dakota Leadership Development Program Masters level

certification and a Specialist Degree in Educational Leadership from Montana State University-Bozeman (2009).

Mr. Moore is 43 years old and married with four daughters.

TRIBAL INTERIOR BUDGET COUNCIL

Mr. SIMPSON. Thank you, Secretary. Let me start. You mentioned in your opening testimony that this budget was put together with the help of the Tribal Interior Budget Council, and I understand this year you have done more consultation with them as you develop this budget. Take a minute and explain to me how that works, how it is put together.

Mr. Echo Hawk. The Tribal Interior Budget Council is made up of 36 individuals. It includes the Regional Directors for the Bureau of Indian Affairs, so that constitutes 12 of them and that represents the 12 Regions of the country. And then the Tribes in those Regions select two representatives to serve on that Council. We meet on a quarterly basis, and what they do is consult with us to establish their priorities and funding. And each one of the Regions makes a presentation. We just went through this last week, where they come before the Council and present—I just brought as an example a packet from the Great Plains Region where they tell us in detail what they would like to do in that region of the country.

After all 12 Regions make their presentations, then as a body we collectively—I do not say we because I do not vote on this, but the tribal representatives vote and establish priorities for funding. It is not over there because we start to craft the budget then, and then at various times, we will bring them back in, maybe a subcommittee to consult on more details as we formulate the budget.

OME

Mr. SIMPSON. And then you work with OMB on the amount that they have given you.

Mr. ECHO HAWK. OMB provides guidance for us so we know there are some parameters for funding.

Mr. SIMPSON. Guidance is a nice word.

Mr. Echo Hawk. Interior then sends the budget over, and they make some modifications, pass it back. And tribal leaders have expressed a desire to have more direct consultation with OMB. I think that is the piece that they think is missing. I am not sure. We are working on perhaps modifying that system to allow them to have more input at that level.

CONTRACT SUPPORT

Mr. SIMPSON. Good. You mentioned the contract support you increased by \$25.5 million. That is something this committee hears about when we have the Nations come in and talk to us for a couple of days. Almost every one talks about contract support. Does your increase of \$25.5 million fully fund contract support costs?

Mr. Echo Hawk. No, it does not. It only reaches about 90 percent, and in order to get that up to 100 percent—

Mr. SIMPSON. And that is at 62 percent now?

Mr. Echo Hawk. No, that is Tribal Grant Support, 62 percent. And the Contract Support is about 90 percent. In order to get that up to 100 percent which the tribes would like to see, I think it would take like another \$25 million to reach that point.

TRIBAL LAW AND ORDER ACT

Mr. SIMPSON. Okay. The Tribal Law and Order Act of 2010 no doubt increases the responsibility of Indian Affairs in many areas. Could you take a minute and summarize these increased responsibilities and describe where the budget meets these responsibilities and where this budget, due to the limitations of funding, may fall short?

Mr. Echo Hawk. Well, we have significant responsibilities because that legislation is a 105-page comprehensive bill. We have had some deadlines that we have already had to meet in implementing the requirements of the Act which deals with special law enforcement commissions, standards for long-term detention, background investigations and then we are now moving into a phase where we are addressing the mandates of the bill to focus on adult and juvenile detention, long-term plan. There is also a law enforcement foundation that has to be put together. And we are working to organize that.

So the budget that we are requesting in the area of public safety is a \$20 million increase, and some of those monies will help us to be able to implement this process.

DETENTION OPERATIONS

Mr. SIMPSON. One of the largest increases in the fiscal year 2012 proposal is the \$10.4 million and 13 FTEs for the detention and corrections operations that you mentioned. Detention facilities are underfunded by about 459 positions, as I understand, as the green book states. The Recovery Act only seems to have made matters worse as Indian Affairs is now on the hook to fund an additional 323 staff at six new facilities opening between now and 2014. What is the plan for meeting those new staffing requirements and what is the estimated cost and how many of the 459 positions will be filled with the \$10.4 million increase?

Mr. Echo Hawk. Okay, Mr. Chairman, that is a big question. Mr. SIMPSON. If it is too detailed, you can get back with the com-

mittee.

Mr. Echo Hawk. We can get back. You know, just to comment, these facilities are mainly built by the Department of Justice. We have built and can build and do a good job, you know, in construction of facilities. But once they are built, we have a responsibility for operation and maintenance, and we try very hard now to collaborate with the Department of Justice to be able to make sure that when they build them they are built to specifications and that we can have the foresight to be able to budget in what is needed to staff and run those facilities.

[The information follows:]

Detention Operations and Staffing

In preparing information for the FY 2012 budget request, the need in detention positions for current BIA-funded programs was approximately 459 positions and for DOJ grant programs was approximately 323 positions.

Bureau	Staffing Need
Current Programs (BIA-funded)	459
Projected Programs (DOJ grants)	323
TOTAL	782
DOJ Grants (FY 2009, ARRA)	8

<u>Detention Staffing Plan</u>: The plan for meeting the new staffing requirements will be dependent on funding allocations. The Bureau of Indian Affairs (BIA) will assess the current staffing need and identify allocation amounts to programs, with a goal to fund as many positions as possible dependent upon the method of program operation such as whether it is a P.L. 93-638 contract, self governance compact, or a direct service program.

In 2010, the BIA increased salaries for Correctional Officers and provided Tribes with increases to their base funding allocation to also increase their Correctional Officer salaries. The BIA has also enhanced its recruitment efforts by offering incentives and conducting specific outreach to reservations where staffing is needed. The BIA has also began to recruit specific target locations with localized recruitment events, utilizing local colleges and Tribal Government contacts to aid in recruiting highly qualified candidates. The recruitment efforts have been very successful and the BIA has seen a significant increase in applicants due to these efforts as well as the increases in base salary for Indian Country corrections officers.

<u>Staffing:</u> For a number of years detention facilities have been seriously under staffed and most facilities are operating far under minimally safe staffing levels as defined by the Department of Justice's (DOJ) National Institute of Corrections (NIC). The additional \$10.4 million requested in the FY 2012 budget proposal will provide funding for approximately 105 additional correctional officer positions in Indian Country. The average cost of one law enforcement officer is estimated at \$98,800.

Mr. SIMPSON. One last question. The committee has recommended in language that the BIA look at regional detention facilities, and I know that we have talked about this, using the Fort Hall facility that they have built as an example. Is the Department looking at that and trying to make that more available?

FORT HALL

Mr. ECHO HAWK. We are. We are working with the Department of Justice on this. This is actually one of the mandates in the Tribal Law and Order Act that we have, you know, some plan of going forward. And this is not new to us.

We have previously prepared a report on how to efficiently build these detention facilities on a regional basis. And I was just in Nevada last week. The Tribes there are asking, pleading for some facilities because they are having to use state and county facilities to house prisoners. It is very expensive for them. So that is an example of how they would be very happy if we could somehow build a regional facility for them, and that is what we try to do now, to make sure that we are being efficient and smart in where we are building these facilities.

Mr. SIMPSON. Thank you. Mr. Moran.

Mr. Moran. Thanks very much, Mr. Chairman. In light of the fact that we are going to have some votes soon, what I would like to do is to underscore three areas of particular concern. I will mention the three of them. You can give a quick capsule comment if you want, but they are probably the kind of thing that you want to try to address for the record. But I wanted to bring it to light in the context of the hearing. But I know you cannot comprehensively respond to all of them.

PROGRAM REDUCTIONS

You put the best face forward on this budget, but you want to eliminate the Lease Compliance program. I do not know how we can assure that leases are going to be complied with absent this program, so that needs to be addressed. You are cutting the Indian Guaranteed Loan program by 60 percent. It is a concern how Native Americans are going to get commercial loans to expand or even start new Indian-owned businesses without that. You are eliminating the Residential Placement program for special-needs students.

Those are all concerns. So if you want to give a capsule commentary, but it is probably the kind of thing we could either talk about later or respond to for the record. Do you want to say anything about that?

Mr. Echo Hawk. Just briefly. Perhaps I can make a comment about the loan program, and Director Black could comment briefly on the lease compliance and then Director Moore on the residential.

INDIAN GUARANTEED LOAN PROGRAM

With regard to the loan guarantee, this is a good program that the tribal leaders support, and they have spoken up very strongly after seeing the President's budget and seeing the decrease that is proposed here. And the concerns that were raised, you know, had to do with duplication as there are other Federal agencies that provide some loan guarantee money.

Mr. MORAN. That they are eligible for, and you are going to help

them find those sources of funding, of loans?

Mr. Echo Hawk. That is the thought. Of course, there are contrary views that our program has the unique application and is much more flexible——

Mr. MORAN. Has relationships already built—

Mr. ECHO HAWK. In Affairs we know how to operate within the parameters of reservations. So I think we are going to work to make sure that this program has continuity. We are sort of on a phase right now where we are working to make improvements.

Mr. MORAN. It is a concern. Okay, Mr. Black.

LEASE COMPLIANCE

Mr. Black. Just real quick, sir. I will be happy to provide you further information, in the very near future here. But just in a nutshell, with the development of our TAAMS system, which is our Trust Asset Accounting and Management System and a lot of the modules that have been developed within that system that allows us to better monitor our leases, a lot of the compliance issues dealt with late payments or non-payment, and the system now allows us to do a lot of that monitoring so we will be able to realize some cost savings there.

[The information follows:]

LEASE COMPLIANCE

The Bureau of Indian Affairs (BIA) manages over 100,000 active leases for business, agriculture, grazing, oil and gas development and Indian housing. The vast majority of lease compliance issues have historically been with late rental payments or non-payment of rentals. With the development of various modules in the Trust Asset and Accouning Management System (TAAMS), BIA now has an automated, electronic system that will allow it to monitor rental payments and auto-generate delinquency notices to violators. In the past these activities were performed manually by employees at each location where the leases were issued. BIA believes that with the current technology available in the TAAMS system, it will do a better job monitoring compliance.

RESIDENTIAL PLACEMENT

Mr. Moran. Okay. Thank you. Mr. Moore, very quickly, on residential placement?

Mr. MOORE. Mr. Chairman, thank you, and thank you for the question. Keith Moore, Director, BIE, a pleasure to be here.

The REP program is for our most disabled students, a very difficult decision for us when we were going through our budget to look at cuts on that, where we are in this economy and deficit spending, things that we have to take into consideration.

There are two pieces that we felt we could go and look for resources for these students, one being regular IDA funds or regular special ed funds. Could we service these kids through our allotment of funds there and work with the U.S. Department of Education if we needed further resources? The second piece is we felt we could look at our policy within the BIE of shipping these kids out of our communities and schools and could we tighten that policy and

serve them in our communities rather than send them to a very expensive residential placement program?

Mr. Moran. I see. Well, that makes some sense.

Mr. Moore. Those are the two——

Mr. Moran. I understand——

Mr. Moore [continuing]. We are looking at.

Mr. Moran [continuing]. That was the thinking behind it. Thank you. Now, the next two, clearly you do not need to give us an extensive response right now, but I do want to know how the Carcieri decision is affecting your ability to carry out your trust management responsibilities. So did you want to say anything very quickly on that?

CARCIERI

Mr. Echo Hawk. Congressman, the Administration very strongly supports the Carcieri fix because being able to take land into trust is a very important thing. Republican and Democratic Administrations have done this since 1934, and that decision disrupted everything. It affects housing, it affects law enforcement, it affects emergency services, it affects economic development. So we are very strongly in support of—

Mr. MORAN. As you know, this committee is as well, agrees with you. And again, I want to thank the Chairman and Mr. Cole, par-

ticularly, for the position that we took on that.

COAL-FIRED POWER PLANTS

Lastly, it is a concern but this is something I do not think that you can respond to but I want to raise it. And I know the real issue is within the tribes themselves. But you have got two large coal-fired power plants in the Navajo Nation, the Four Corners Power Plant and San Juan Generating Station. Fifteen percent of the population is suffering from lung disease around those plants. The Four Corners plant emits, I will not go through all the numbers, but it includes 2,000 pounds of mercury a year. You know, in my district, somebody breaks a thermometer and the mercury spills out and we get the HAZMAT team. And here we have got 2,000 pounds of mercury being emitted every year in addition to 122 million pounds of nitrogen oxide, et cetera.

In San Juan, you are emitting 1,000 pounds of mercury and 100 million pounds of sulfur dioxide and the same with nitrogen oxides.

It is a major concern. I know that a lot of the tribes have decided that the jobs are more important, but I would hope that BIA would encourage looking at renewable energy in Indian Country. There are some loans to develop that. There are jobs that can be available, and you have obviously less environmental impact but it is the kind of thing that also has spinoffs for outside the reservations that could be economically beneficial. Those are the three areas I wanted to bring up. Thank you, Chief, and thank you, Mr. Chairman.

Mr. SIMPSON. Mr. Lewis.

Mr. LEWIS. Thank you very much, Mr. Chairman. Chief and gentlemen, I appreciate very much your being here.

TRIBAL CONFLICTS

Between Ken Calvert and myself in San Bernardino and Riverside County, we have in excess of a dozen tribes, and we have noted from time to time that not every tribal nation agrees with the other one just automatically.

In our own region in the recent past, there was a major conflict that developed between local law enforcement and one of our tribes. It involved shootings where individuals were killed, et cetera. The importance of having tribal nations be able to have their own law enforcement or contract with local law enforcement agencies is a pretty significant area.

Does BIA play a role in attempting to facilitate some of these

challenges?

Mr. Echo Hawk. Congressman, we do have some role. That is primarily a function of the tribal governments, but we try to be supportive and one aspect is the Special Law and Order Commissions that we have the ability to provide, and oftentimes that becomes a critical part in the local agreements that would be made with these local law enforcement entities to cross-deputize and so forth.

Mr. Lewis. I might mention to you that in the past, there was a very successful initiative that was put forward by a local sheriff that brought together a commission of a variety of mix of law enforcement agencies and interests to make sure there was communication up and down the line. With some transition from one sheriff to another, the commission idea kind of fell apart, and in the meantime, this cooperative venture fell apart. And I would want to bring that to your attention in terms of how we can find programs and efforts that have been successful and try to sustain them beyond individual sheriff's offices or administrations. Really, really important to have our tribal nations work together. So I just ask you to think about that as well as comment, if you would.

INTERAGENCY LAW ENFORCEMENT

Mr. Echo Hawk. These things about the local cooperation are very important. I have reached out to the National Association of Attorneys General and the Conference of Western Attorneys General about trying to come to such agreements to resolve law enforcement issues on a local level. So we are very much interested in supporting that effort.

One of the things that the Tribal Law and Order Act addresses is training that opens up the option of doing training in state facilities of tribal officers, and I know that the Conference of Western Attorneys General thinks that is a really great idea because when you have the non-Indian officers having the same training as the Indian officer, they accomplish things that we do not seem to be able to do when we sit down to write an agreement. They bond as fellow law enforcement officers, and that was spoken of very highly.

Mr. LEWIS. Great. I think you know that across the country there are a variety of mix of law enforcement effort. Tribes having their individual effort on the other hand, maybe contracting with local agencies lead to a variety of mix of experiences, and I would think that BIA's role in terms of refining or at least communicating as

to what seems to have worked in one place versus another would be very helpful to the tribes.

Mr. Echo Hawk. It is and we do have those success stories, and we try to share that.

Mr. LEWIS. Thank you.

Mr. SIMPSON. Ms. McCollum.

Ms. McCollum. Thank you, Mr. Chair. It is good to have you here, and I have lots of questions but I will just submit some of them in writing. But I think one of the things that has been kind of touched on a little bit when you were talking about helping to contract and do things for Indian Country, are cuts in your budget—I got a budget put together because I was trying to track what was going on just on Native American health when I was on reservations or what was going on with schools because Head Start would be in the school. And you know, there would be Impact Aid which is handled in a different spot, and it was like trying to put this spider web with all these tears in it together to see what we had.

FEDERAL SUMMIT

So do you have the ability or do any of the Secretaries report to you from the Department of Agriculture, the Army Corps of Engineers, Commerce, Defense, Education, Health and Human Services, HUD, your Interior, Justice, Labor, Transportation, Veterans Affairs, I can go on and list more, that all have line items in it that impact or directly work with many of the bones of the programs that you have in the Bureau of Indian Affairs? In other words, are you able to get everybody together and just have a summit about what is going on because a cut in Commerce could affect all that you are trying to do with a grant program change. So that is the question I have.

Mr. Echo Hawk. Congresswoman, there is of course more that we can do, but we have tried very hard to reach across Department lines and to work smart and collaboratively with other Departments. Director Moore could talk about the work he has done with the Department of Education. We have ratcheted up the communication we have with the Department of Justice and work on a regular basis with other Departments like Health and Human Services. And you know, there is one program known as Public Law 102–477 that allows Interior to be a lead agency in pooling money from HHS and the Department of Labor and putting it into one fund that the tribe controls. So you know, the Tribes like that kind of thing when we pool resources and they have more flexibility. So that may be a template for what we could do in other areas.

Ms. McCollum. Thank you because it took government reform working with the Navajo Nation to get HUD and the Department of Energy and a whole group of people together to talk about what they were going to do about the radiation contamination that had taken place on some Navajo reservations, and I am going to follow up.

I am not asking to jump-start schools that I visited throughout Indian Country, but I never understand how the school construction priority list works. There is one list for each tribe that I visited in Minnesota, another one that I saw in New Mexico, and at some point I would like to find out and maybe it is with you, Mr. Moore, because I want to understand because I do not want to undo something that is good, but if something is broken and we need to fix it, we need to work on it.

FEDERAL AGENCIES SHARED RESPONSIBILITIES

Mr. Echo Hawk. May I make a followup comment? I think it is important. Tribal people have told me just in the last week that what is really important is for people to understand that the trust responsibility of United States is the trust responsibility of the United States. It is not the trust responsibility of Indian Affairs and Interior. So Tribes actually strongly support having other Departments of the Federal Government step up to the plate and meet their responsibilities, like the Department of Education or Justice Department, Agriculture Department, other Departments other than Interior.

BIA WEBSITE

Ms. McCollum. And my time is going to run out. A Native American crosscut of the Federal budget is on your website now, too. You and I were told for years that they could not put that kind of a budget together so people can look at it. I appreciate the fact that it is on your website.

ELIMINATION OF BIA

In the remaining few seconds I have because I want other members to have a chance to ask questions before we go vote, there is a bill in the Senate, and the language that went with the statement that was made by Senator Rand Paul, and I am going to quote him. He introduced legislation, S. 162, and addressing budget issues. And in his words, he is doing so by "By eliminating the most wasteful programs, by eliminating programs that are beyond the Constitutional role of the Federal Government." He is talking about eliminating the Bureau of Indian Affairs. I know the Administration does not support this legislation. I know it has strong bipartisan oppositions, never to come up, never to pass. I want to be clear on that. But could you just maybe for the record say what would happen and your view of constitutional responsibility in Indian Country? Because I think you started talking about that before I cut you off before. Thank you, sir.

Mr. Echo Hawk. Thank you. Very good question. And this actually has been in part attempted back in the 1950s with what is known as the Termination Policy, and it was launched in 1953, had a very short life, and has been repudiated by every Administration, Republican and Democrat, since then. And within the span of my lifetime, you know, actually we celebrated in 2010 the 40th anniversary of the Self-Determination Policy. And there have been enormous gains in the quality of life for Native people under that enlightened policy of recognizing that the United States made commitments to Native people and having the United States as a government step up and meet its responsibilities and having Tribes have more say. So tribal leaders appreciate the fact that the United

States is doing better and turned away from the Termination Policy.

Ms. McCollum. Thank you, sir, for all your work, and thank you, Mr. Chair, for your indulgence.

Mr. SIMPSON. Mr. Calvert.

Mr. CALVERT. Thank you, Mr. Chairman, and I want to commiserate with the Secretary, that both BYU and San Diego State are not in the Final Four.

EDUCATION ASSISTANCE

I have a large Indian BIE school, and it is named Sherman. Now, I know it is not named after General Sherman, but anyway, it is large and you are very much aware of it. And one of the things that is frustrating I know for a lot of the BIE schools is that the flexibility they might have to get charitable contributions or to use their property to get extra revenue to give flexibility to the head school principal there, to use that money to fund extra teachers or tutors or whatever. Do you need legislative assistance to do that or do you have flexibility to do that as a secretary?

Mr. Echo Hawk. Congressman, I actually visited the Sherman

Indian School. I take it that is in your district?

Mr. Calvert. Yes, sir.

Mr. Echo Hawk. And also I visited the San Manuel Reservation.

Mr. Calvert. Right.

Mr. Lewis. That is somewhere in my district.

Mr. CALVERT. That is in Jerry's district.

SCHOOL CONTRIBUTIONS

Mr. Echo Hawk. And when I was there at the school, they told me about the generous contribution that the Tribe had made to the school, and they were struggling with an MOU that they had to finish when I got attention to that. We finished that up as I understand. But the Solicitors of Interior I think have indicated that there are other restrictions on receiving charitable contributions, and that probably needs to be addressed by Congressional enactment to clear the way if that is, what is deemed to be a good idea.

Mr. CALVERT. I worked with the Chairman and the Ranking Member on this. I think I talked to everybody about this. I know I talked to Tom about it. It just makes sense. Everybody is struggling for money, and if you have got somebody that wants to give it to you, you should be able to take it. So you know, we ought to be able to work that out. Thank you, Mr. Chairman.

FACILITY SPACE

Mr. Moore. A quick response to that if I could. One of the issues was it was going to change facilities and they were going to add on facility space. So then that added in the bureaucratic issue of facilities and O&M and being able to maintain and operate the building. And that was a big logical piece, changing a facility and what it would mean for O&M and further cost to the Government with that school, was part of it. We were able to work our way through it, but it is something that does, as the Assistant Secretary—

Mr. CALVERT. If we can work on some legislative language, it could fix it.

FACILITIES NEGOTIATED RULEMAKING

Mr. Moore. And one other comment if I could for the Congresswoman, we are working on negotiated rule-making right now for facilities which will, we hope, clarify the list issue. It is probably the number one thing that we hear in the field, facilities and how you get on the list and how schools get built and what is the formula and all those sorts of things. We are working our way through the process right now to really clarify that so that it is understandable for everybody.

EDUCATION CONSTRUCTION BACKLOG

Ms. McCollum. Can you give us a dollar amount for your backlog later——

Mr. Moore. We can take a look at dollar backlog. That would come from Jack Rever who operates the OFMC for us.

Mr. SIMPSON. Is that the backlog of school construction that needs to be done you are talking about?

Mr. Moore. Well, we are roughly, and the Assistant Secretary may know this figure better than I, but we have \$1.8 to \$2.3 billion I believe in school backlog construction.

[Information to follow:]

EDUCATION CONSTRUCTION

The cost is \$1.3 billion to bring the schools in poor condition to good or fair condition as measured by the Facility Condition index.

Mr. SIMPSON. Yeah, because we have got \$1.3 billion here, but I suspect you—we have got 64 Indian schools that are listed as in poor condition, and then the rest are in acceptable condition, which is a little different sort of terminology as opposed to good or fair. But acceptable, I am not sure exactly what that means.

We have got about 4-1/2 minutes left in this vote. We are going to come back after this, and I would hate to have us miss the vote. So why do not we go vote? We have got two 5-minute votes after this, or one 5-minute vote and then a vote on the journal. So if you could wait, we would pause for 15 minutes or so and be right back. Appreciate it. Thank you.

[Recess.]

Mr. SIMPSON. Mr. Cole.

Mr. Cole. Thank you very much, Mr. Chairman, and just a couple quick things. One, I just wanted to associate myself very much with Mr. Moran's remarks about you and the role you played and also the role he played. You guys have really set the standard in working together. And Mr. Secretary, it is always good to see you, and the longer I see you, the more I like you because it means that somebody is in the job for some considerable period of time. So I hope you continue to stay, and you have made terrific contributions. And when we have a new President, Mr. Simpson, I will ask that President to reappoint you.

COBELL SETTLEMENT

Seriously, on a couple of things, I would like to get your opinion. There is a lot of discussion in Congress right now, and I know you did not negotiate the Cobell deal, but there is a lot of discussion about additional legislation dealing with lawyers' fees. Do you have any opinion as to whether that would be helpful or not? My sense is it is not particularly helpful, that this ought to be left alone, that it is pretty much done, the congressional part of it, and we ought to let the judge in this case do what he wants to do, and they can work this out. I hate to reintroduce the issue here.

Mr. Echo Hawk. Congressman Cole, I have one tiny comment, and then I have got to turn it over because I am recused from

Cobell.

Mr. Cole. Okay.

Mr. Echo Hawk. So Director Black can respond. On the comment you made about my length of service thus far, I have been here just a little over 22 months in the position, and that makes me the longest-serving Assistant Secretary in more than a decade. So I am going for the record now.

Mr. BLACK. Well, and unfortunately, my answer will be just about as short as his is. At this time, I would really be remiss to

speak to the——

APPRAISALS

Mr. Cole. Okay. Fair enough. Second question, hopefully one that you can answer, I noticed in your budget you are cutting funding for land appraisers, but there is a backlog for land appraisal necessary for energy production and economic development on trust

lands. How do you handle that?

Mr. Black. Now, for appraisals, that is funded out of the OST budget, so I am not completely familiar with theirs. We are working closely with OST dealing with appraisal issues, and we realize that there is a shortfall there, you know, even in the past budgets, and we are trying to work with OST on how we can address their appraisal issues for any number of things that we do, anywhere from land into trust issues to home site leases to land sales and transactions.

LAND INTO TRUST

Mr. Cole. Okay. Third question here real quickly, and this one maybe you can give us some idea on. The biggest frustration I hear among tribes or one of the great ones is just the length of time that it takes to put land into trust. What can be done or is being done hopefully to streamline that process? Again, I am well-aware of the problems you have with Carcieri and I have a question on that coming up as well. But is there any way we can get some more predictability into this process?

Mr. ECHO HAWK. That is a very good question, Congressman Cole. When I started out as Assistant Secretary, the process was stuck in the mud. There were backlogs, and we formulated a work group to try to get things rolling, and we were making some progress. Secretary Salazar actually weighed in with all 12 Regional Directors and called them into his office and kind of said we

have got to fix the problems and asked them for solutions. So you know, we have had a work group put together that is working on revising our handbook that provides how we conduct this process, and you know, we have had success. You know, compared to the last two years of the prior Administration, we have increased land into trust at a rate increase of 488 percent. So you know, we are moving down tracks pretty well right now, but we are not finished working on streamlining.

Mr. COLE. I appreciate very much your keeping an eye on that because as you know, it is just chilling sometimes for tribes to wait

for a long time.

CARCIERI DECISION

Last question and one other comment, I wanted again to associate myself with the remarks Mr. Moran made about the Carcieri issue. There is some concern with our colleague who is obviously very good on these issues, of the Subcommittee on Natural Resources, about the connection between Alaskan Natives and that particular issue. Congressman Kildee had a bill last year, I had a bill, we were able to attach one here. That is fine, but do you have any concerns about how Alaska natives figure in to the Carcieri fix?

ALASKA LANDS

Mr. Echo Hawk. That is a consideration because of course, Alaskan Natives, they are just isolated tracks of allotted land in Alaska right now, but the approximately 44 million acres that Native people hold in Alaska is held through corporations and it is not in trust status. And so I think that naturally people in Alaska might want to know, you know, are we talking about making 44 million acres of trust land? Right now Federal regulation does not permit us to take land into trust. So it is a consideration that it can be reasonably dealt with.

Mr. Cole. My understanding, and I am not going to hold you to it and I may be wrong, but Chairman Young, what he would like would be just an exclusion, that this legislation does not affect the land in Alaska. Would that cause you guys any problem if there were legislation that specifically set this aside so we did not mix up the two issues?

Mr. Echo Hawk. Congressman Cole, I think that we would have to consult with the Administration before we established a position. We do not have a position on that, but we could formulate a position on any kind of legislation. But it is not our process to comment

on bills that are not put in place.

Mr. Cole. Fair enough. We would like to have a discussion with you about that because we are working on something like that with Chairman Young right now, and we are trying to make this something that does not cause anybody a problem. So again, we will contact you at another time and just ask you if we could run some language by you to see if there is some particular concern or problem. If we can get one through, we would like it. Obviously it would be something that the President would feel comfortable in signing.

CATAWBA TRIBE

While Congressman Moran and I were on a trip together recently, we got a call from the chief of the Catawbas, for what you had done, frankly, in helping them. And you know they have had great difficulty in that particular tribe and where they are located. I just wanted to thank you very much for intervening in helping them with the financial situation, the problems they made. He was, you know, beside himself and could not say enough good things about you and about how well the BIA had worked with them to help resolve this problem. So thanks, that was a big deal.

Mr. Echo Hawk. Thank you, Congressman Cole. I was actually trying to dial up the chief of the Catawba this morning, and I was not able to get through. I have got another little piece of informa-

tion that he would be happy about.

Mr. Cole. That is wonderful to hear. Thank you, Mr. Chairman.

Mr. SIMPSON. Mr. Hinchey.

SULLIVAN COUNTY

Mr. HINCHEY. Thank you, Mr. Chairman, and it is a great pleasure to see you once again, Mr. Secretary. Thank you very much for being here, and I want to express my appreciation to you again to coming up to Sullivan County and articulating those set of circumstances there. That situation is still unresolved. It is still trying to be addressed by a number of people in various ways, but nothing significant has come out of it yet. But we will see if there is anything else that is going to happen over the course of the next year or so. It very well may happen. In any case thank you. Thanks very much for what you did, and thanks for being there.

INDIAN GUARANTEED LOAN PROGRAM

I just wanted to ask again about this Guaranteed Indian Loan program which strikes me as something that is very helpful, very significant to Indian business operators, people who are trying to start business and the fact that this proposal is being cut by about 60 percent, from \$8 million to \$3 million. But as I understand it, the operation of this activity, over the course of recent years, has been very positive. There has been no loss. It has been very, very effective. For the most part, it has worked very, very well. So I wonder why or what the purpose would be of cutting this and what the effect of that is going to be? What kind of negative effects are going to arise as a result of the loss of this opportunity for some funding for people who are trying to start a business and change their lives?

Mr. Echo Hawk. Congressman, I mentioned that just last week we had met with the Tribal Interior Budget Council, and we got a pretty good earful from tribal leaders about their concerns about the reduction that occurred in that program, and you know, what they were saying to us is that this is vital for economic development. As I recall, you know, there is a 13-to-1 leverage. You know, for every dollar that we can come up with, they can go into private investors and generate 13. So it has a pretty good economic development out there where it is needed with a low default rate. But we are permitted to continue to work to improve the program and,

you know, convince anyone with any concerns that this is something that ought to be continued but, you know, right now we are in the phase of evaluating and improving the program.

Mr. HINCHEY. Well, I appreciate that, that you are still looking at this, the cost. The circumstances that we are dealing with in this country, as you know, I mean, this is just a tiny aspect of it. But the major issues that we are dealing with her are circumstances that are downgrading the economy, and the economy is being downgraded primarily because of the lack of investment into the internal needs of this country to generate jobs, stimulate economic growth, upgrade the economy. All of this is very, very important. And this is a small example, but nevertheless, all of the history of this has been very positive. It has generated jobs, it has stimulated the economy. It has done things that were helpful for the economic circumstances. So I am hoping that this little example here is not going to be just pushed away, that it is going to come back and come back strong and effective. And I deeply appreciate the activities that you are continuing to be engaged in. Thank you very much.

Mr. Echo Hawk. Thank you very much.

EDUCATION CONSTRUCTION

Mr. SIMPSON. Thank you, Mr. Hinchey. Let me get back and ask a couple questions about schools. As Ms. McCollum was saying, we have apparently \$1.8 million to \$1.3 million backlog where schools that are in poor condition. And did I understand you to say you are putting together a priority list of schools? Is there a priority of how

you decide which schools get construction money first?

Mr. ECHO HAWK. I will answer, and then if Keith Moore has something to add. There is a formal process that is underway, a negotiated rule-making, and we have a 25-member committee made up of tribal leaders that have held a series of meetings, I think, and in all, they will end up meeting about six times. And they are tasked to catalog all facilities, school facilities, and to specifically come up with a list of where the repairs and renovation need to be made and also new schools and make recommendations about what equitable distribution ought to be occurring. And we are expecting that I think perhaps even as early as later this year, I have seen two figures on this, or early next year, we will be able to formalize that process and then we will have a plan in place that has a priority list for new schools and for repairs.

Mr. Simpson. What I would like to see next year when we hold this hearing is a priority list of those schools that are unacceptable, I guess, or poor, and a total of the backlog and a plan to address that backlog over a period of time so that the committee knows what we are buying into and how we are going to address that. So I would appreciate that next year when we have this budget hear-

Mr. Echo Hawk. Will do. Mr. SIMPSON. Go ahead.

NEW MEXICO SCHOOL

Ms. McCollum. I know you are going to do your very best working with the tribal community to identify this, but I was in a school

in one of the pueblos in New Mexico where part of a wing of the building was shut off. They think there is a crack in the ground underneath the sewer. They have, and I should know the right terminology following earthquakes the way I have the past couple weeks. They put these little plates on where they can measure whether or not the wall is separating because there has been earthquake damage.

And so the school was basically condemned. It was condemned. Then they sectioned off part of the building, and they put a coat of paint on and they put these little things on to measure to see if the building separated anymore. This did not happen under your watch. Voila, the building was suddenly not condemned anymore.

So when you are going through and you are looking at this list, institutional memory rather than just looking at the list, and I am sure you are probably going to do this working with the tribal council, but as well as the tribal elders in some areas to find out what the actual status of the building is and not just necessarily trusting your list because it was a miracle, you know, that a coat of paint literally took the school off. And I have all the documentation in my office from the pueblo on it. So it is that kind of backlog in trying to work off these lists as the Chairman pointed out with these big group all-call descriptions because I know you want to do the best job that you can, and I am trying to say I know it is going to be really hard to even come up with a category with it.

EDUCATION FACILITY MAINTENANCE

And then if you have two pots of money, one for replacement and one for maintenance, if we do not get ahead of the maintenance, pretty soon we will end up replacing. And so my comment, speaking for myself is, to be bold, to dream big and to say what you need to clear this backlog up so that we do not have deferred maintenance creating even more costs later on because children know how a community feels about them by the shape that their school is in. That is our gift to our children for their future. And if a school does not say we respect you, we embrace you, we cherish you, we welcome you, we want you to succeed, we start out behind. And you already are dealing with a lot of issues.

Mr. Chairman, I am sorry. I did not mean to take any——Mr. SIMPSON. No, that is okay. I appreciate that, and I agree with what you said. What we truly need is an honest appraisal because that is what the committee really needs if we are going to plan for the future. We are not going to be able to address them all tomorrow, but we need a plan so that we can see whether we are making progress or not making progress. So I appreciate that.

EDUCATION ANNUAL CRITERIA

One other issue is the 2008 GAO report on the BIE schools highlights failings that pertain to the selection and coordination of adequate yearly progress or AYPs under the No Child Left Behind Act. Among the 174 BIE-run schools, several school systems report a lack of direction from BIE in forming these annual criteria which present a challenge for each school system as it attempts to craft a meaningful system of performance majors. What steps is BIE taking to help schools create the AYP goals to measure performance so we know how children in these schools are doing? We not only want to provide schools that are adequate, that are schools that children can attend in safety, we also want them to learn there. How are we measuring whether students are learning there?

Mr. Moore. Thank you, Mr. Chairman. It is a complex system for us right now because we have schools in 23 states, and we have a set of standards and assessments that is different in each of those 23 states. So we have standards, you know, across the board——

Mr. SIMPSON. Most schools have adopted their state standard for AVP?

Mr. Moore. Correct. That is what happened in the previous VSE reauthorization, that our schools would follow the states where they are sitting. You know, you have CUT scores all over the board, high, low and so forth across the 23 states. We cannot compare apples to apples. We cannot compare our students. It is very difficult. So under ESEA which we obviously need to reauthorize as soon as humanly possible to get a good bill in place to really move forward educationally, we want to go to a common set of standards and assessments for our 23 states. We are working with the Council of Chief States School Officers and other states to make that possible for our schools which would then allow us to run a common operating environment when it comes to standards and assessments for our schools.

ESEA REAUTHORIZATION

Mr. SIMPSON. As the Education & the Workforce Committee is looking at reauthorizing the Elementary and Secondary Education Act, I know that is high on the priority list. Is there something specific that needs to be done in that to address this issue with BIE schools?

Mr. Moore. Well, the adoption of the common core by the states is the big one so that we can be uniform across the board, across all states, to be able to assess our students, follow standards and build curriculum for the students.

VIOLENT CRIME

Mr. SIMPSON. Okay. Last summer, this Subcommittee included considerable report language directing the Department to engage the Department of Justice, tribes, state, and Inspector General to better address epidemic levels of sexual and domestic violence, substance abuse and related criminal problems on reservations. Could you update the committee on where we are on that and what some of the major obstacles are that you have encountered and how we overcome them?

Mr. Echo Hawk. We have had significant increases in funding, and I think one of our key projects that we are doing right now is the high priority performance goal on four reservations where we have attacked violent crime, and this has been a tremendous success so far to reduce violent crime by at least 5 percent over a 24-month period. We are hoping to be able to expand that into other areas. But one of the things that we are really trying to do to attack crime is collaborate with the Justice Department to make sure we are working in close concert with them.

I have, you know, connected with the United States attorneys that represent Indian Country. I have spoken to their national group, been in face-to-face meetings. I recently had a conference call with them, and we are trying to work smart together. And we also have an exchange where we have somebody that we have detailed to the Justice Department, they have detailed somebody to us, to make sure that we are properly communicating. We have got workgroups that connect with them to make sure that we are meeting our responsibilities under the Tribal Law and Order Act.

So this is a high priority of President Obama, and we are really trying to do the very best we can to attack the crime problems in

Indian Country, and I think we are making success.

TRIBAL-STATE LAW ENFORCEMENT AGREEMENTS

Mr. SIMPSON. One of the real issues, and I do not know if you get involved in this or if you should get involved in this, whether the BIA should or not, that was mentioned earlier is the recognition of tribal police officers and their relationship with the state or the counties that they happen to live in. I use this as an example: For the last couple of years, the Coeur d'Alenes in Idaho have tried to get an agreement with the counties that surround them and have the state kind of approve it so that their police officers who go to the post academy and are trained just like the police officers in the counties can actually do their jobs on reservations. Right now, if someone is speeding on the reservation and you are a non-Indian speeding on the reservation, you can get stopped and you can be held there until a police officer comes from the State Police to give you a ticket or whatever they are going to do, which just seems bizarre to me. These tribal officers are highly qualified and, like I say, have gone to the post academy just like the other police officers. They cannot seem to get an agreement. One county they are fine with, and that county actually supports the legislation that was proposed in the Idaho legislature. The other county has some issues that probably are extraneous, but do you ever get involved in those types of issues, trying to help state legislatures? Both you and I know, coming from state legislature, that that is a sticky wicket to get involved in, but to you play a role in trying to help them understand these issues? It seems to me as I have tried to study over the last couple of years law enforcement and the rights of Native Americans and tribes, it is the most complicated set of laws I have ever seen in my life. Depending on what type of tribe you are, where you are located, whether you are a PL280, whether you are a non-Indian committing a crime on a reservation or another Indian committing a crime on a reservation and whether you are committing that crime against a Native American or non-Indian—I mean it is almost bizarre to try to understand this. And I know the Tribal Law and Order Act was intended to help clean up some of that. But there is still a long way to go in trying to make this. Tell me about your job in trying to resolve some of these problems.

Mr. Echo Hawk. Well, Chairman Simpson, your question takes me back to the good old days. I was actually serving as the tribal attorney, you know, at Fort Hall near where you grew up.

Mr. SIMPSON. Right.

Mr. Echo Hawk. And later becoming the county prosecutor. And I worked on these cooperative agreements at the local level. So I know there is a long list of the kind of problems that you run into that you have got to overcome in order to craft those agreements. And we have success stories all over the country now, you know, because people have learned over time that it is better to cooperate and come to agreement instead of fight these jurisdictional battles. But one of the really good things that we are starting to see more of has to do with the training because I think I already mentioned, the Tribal Law and Order Act has a section in there that encourages training of tribal officers at state facilities, and then we follow that up with the Bridge Program that allows those officers that are trained in the post academies to be able to get the specialized education that they need to understand the jurisdictional issues in Indian Country.

So, you know, we need to attack the training and cooperate with the states, you know, at the request of the tribes. They have to be willing to do this. And then we have got to be able to retain those officers, and one of the big problems is we do not, depending on what area it is, some of these reservations are very isolated, we have housing problems, we have got issues with paying them what they are really worth. We train them, we get them out there, they get experience and then they go to work for the counties or the state where they can make more money. So we are working on retention issues, and I think we are progressing on these issues, and the big thing is can we see more of these cooperative local agreements. And you know, I think we are making progress. And actually, the Attorney General of Idaho called me about that situation up in North Idaho. I think that was Benewah County. And he had me waiting out there, ready to come in and see if I could help, and he never called. But he kept telling me, I am going to call you, Larry. I kept reading about the issue in the paper, and they should have called me in because it fell apart, right? So I could have saved it, you know. I am just kidding. But I was willing to go out. I told him I was willing to go out and try to be whatever positive force I could be.

Mr. SIMPSON. I appreciate that. I know there are touchy issues, and when you were the prosecuting attorney in Bannock County, I was from Bingham County, and we always used to train our police officers and then Bannock County would hire them away because you paid more down there.

NAGPRA

One last question. According to a July 2010 GAO report on Native American Graves Protection and Repatriation Act, the BIA is one of two agencies that have made the least amount of effort to comply with this Act. And that seems rather odd in that this attempt to repatriate burial objects to tribes. Please explain to me the agency's position, and the reason I ask this is it had never come to my attention before but I was having lunch with some tribes and they were talking about the difficulty in getting some of the bones of their ancestors back from some universities which they would like to repatriate, and they told me at that time that the BIA was of little assistance, I guess is the best way to put it.

I do not want to put words in their mouth, but that was kind of that attitude, and then this GAO report pretty much says the same thing.

Mr. Echo Hawk. Well, the first thing I need to say, I was not here when any kind of bad things happened, right?

Mr. SIMPSON. Right.

Mr. Echo Hawk. But you know, seriously, we did respond to the report and cleared up I think some, things that we maybe disagreed with. And there are also some legal issues involved in that we have consulted with Solicitors on. But we have made improvement already, and I would be happy to, you know, have something presented to you in writing to mark the kind of progress that we have made. But we still have challenges we need to address.

Mr. SIMPSON. I appreciate that. Ms. McCollum.

[The information follows:]

NAGPRA

Indian Affairs has published a relatively high number of Notices of Inventory completion (32), and a high percentage (99.88%) of repatriations for the completed inventories. Indian Affairs is actively pursuing and following through on repatriations. In addition, the Indian Affairs Museum Program continues to fund contracts with museums for NAGPRA compliance activities.

To strengthen its efforts, Indian Affairs is resurveying the non-Federal repositories which are housing Indian Affairs NAGPRA items in their collections to determine whether they have accurate and complete inventories and summaries as well as compliance with NAGPRA. This effort will allow Indian Affairs to have a true assessment of the status of inventory and summary completion and properly determine the actions, resources, and time needed for completion.

EDUCATION

Ms. McCollum. I would like to follow up with a couple of education questions, and it might not be in your area as I listed off all the Departments and Indian programs within them.

One of the issues, and I appreciated the Chairman bringing up, is one big issue to consider in the reauthorization of No Child Left Behind is the governors working together to come up with some uniform core standards. So that is my understanding those are the standards you would be looking at?

Mr. MOORE. Correct.

Ms. McCollum. There is another thing that seems to happen at times, and I think it has cleared itself up. I sent a letter several years ago in the other Administration. When people were looking for money to help children succeed, the tribes were told that where they were not compliant and where they were not doing good on Title 1 because Title 1 is not fully funded even to the Native American tribal schools, to take the money out of Esther Martinez, which is for core language improvement. And Esther Martinez, by reinforcing a second language, a native language, the first language of the people in the area in which these children grow up traditionally, culturally, the parents, their grandparents, children who do a second language do much better in school. We know that Native American children need every option put on the table for them to succeed as all children do but especially we know that we have failed collectively as a Nation these children the most.

So when discussions like that are taking place at the Department of Education, do tribes come to you and say, hey, they are telling us to use our Esther Martinez money for Title 1, and that is not what it was there for, and that is our money for language, protection? Do you get involved in things like this with the Department of Education? Do they look at you as a collaborator or a person to go for advice and counsel, or do they just do their own thing? I know you had mentioned you were trying to develop those relationships, and then I am going to ask two questions and they are both about education.

HEAD START

Head Start, what kind of waiting list do you have? I mean, there is a huge waiting list for Head Start in general across this country. But what kind of waiting list do you have for Head Start, or what are some of the barriers in Head Start? Is it dollars for transportation? What are some of the needs for Head Start? Now, that program is in Health and Human Services, but the program is also in Indian communities and reservations. And this is where it gets so complicated. I am not trying to put everything on your plate, and I will speak with the Department of Education, too. But it is so inter-connected. And then Impact Aid because not only do we have the BIE schools, but people come up and ask for dollars for Impact Aid all the time which is military but it is also for tribal schools. And I have been in some areas where, in urban and suburban areas, not only in the Twin Cities but around, in which the impact dollars following the student could provide more services.

EDUCATION FUNDING

So the big picture is because you are the Bureau of Indian Affairs, does everybody think that you can solve their problem? And is there anything we can do as appropriators because we serve on the Full Appropriation Committee to help you be more effective in doing the kind of consultation that you would like to do so that we can help you be more successful in allowing Native American people, Indians, to be able to fully embrace their full rights under the treaty obligations.

Mr. Moore. Thank you. Thank you, Congresswoman. I will address the first one, U.S. Doe and Interior. I would like to really thank Secretary Salazar and Secretary Duncan, they have been big leaders in collaborating between the two, and it has been very beneficial for us. We have roughly a quarter-billion dollars that runs through us, the BIE, out to our schools from the U.S. Department of Education, so they are obviously a big player for us in terms of us, how we monitor that money, how it goes out to schools. So we have our Interior Appropriations for our schools, but we also have the U.S. Department of Education monies that come through the BIE and out to our schools. So they are vital, and they have been great. And we have had a number of conversations with ESEA and a number of other areas where we struggle in terms of the BIE being recognized and ESEA and different languages and programs and so forth.

We have a number of issues, the second one being the Esther Martinez Title 1 issue. The Assistant Secretary mentioned earlier that we are funded right now, our tribal grant schools, at 62 percent for tribal grant school costs, administrative costs. So what

happens in those situations when you are only funded to a certain level, and we have that in a number of programs that run through, they are only funded to a certain level, then schools start wanting to dip into other funds to obviously supplement and be able to do what they have to do. That causes concerns. You do the A–133 audit. Is this allowable by statute? Can they do this? And we end up having a number of issues across the board of, you know, how you can cross lines in terms of line item with budgets. There are a number of programs. It is not just Esther Martinez and Title 1 and so forth that we have those issues with. So that is a struggle.

Head Start, I mean, we would be able to talk directly to Head Start. That is Health and Human Services, as you mentioned, that they run that program. We obviously are very tied in to what they are doing and how they are doing because those youngsters are

coming to our schools.

Ms. McCollum. And then you take—

Mr. Moore. Right. Yes. So it is tied to us, but we do not oversee it, monitor it, or you know, do those sorts of things with Head Start. And the Impact Aid goes to public schools on reservation land. So BIE schools, we do not receive Impact Aid. It is public schools on Indian lands or schools that are adjacent to reservation lands that receive the dollars for Impact Aid that go into those schools, and it is a very strong sum of money that is really used for capital outlay and a number of other areas in those schools.

So I hope that answers your questions.

Ms. McCollum. Public schools on reservation land? So if you are not getting the dollars for the public school on the reservation land, I mean, do people come and say to you, why are we not getting the money? Why is this not happening? I mean, part of my question is you are the first call for help and you are the last call for the last solution to get something done. So I am serious, what can we do? I know you are trying to get cabinet secretaries and undersecretaries and other people to focus. We have some success stories. But this needs to be a foundation we build on, and it also needs to be something that we need to be mindful in talking to our colleagues about what is going on in Health and Human Services if we really want to have an impact on success in our schools and reduce suicide rates and reduce crime rates. Head Start, I mean, there is a Federal Reserve report that proves it beyond a reasonable doubt that Head Start is something that helps in all those areas.

So just tell me what your average day is like in that, and then I will be quiet.

TRIBAL INPUT

Mr. Echo Hawk. Well, Congressman, I appreciate your concern and I can tell from your questions and comments that you seem well-informed about these issues, and I commend you for that.

We have a policy that any tribal leaders that want to meet with us, we accommodate them if they come to Washington, D.C. But not all tribal leaders can. And so I have really tried hard to travel into their communities. I have been in 38 states in the past 22 months and meet regularly with tribal leaders, and you know, I hear their voice. But when they speak up, what they tell me does

not necessarily relate to Indian Affairs and the Department of the Interior. So we try to reach across the Department lines to communicate the concerns that we hear, and I very much appreciate what I am hearing as an invitation to suggest ways that maybe this Subcommittee and the larger Appropriations Committee, how they could maybe address some of these concerns that we are hearing that we really do not have direct authority over. So we will consider that, and I appreciate the outreach that I am hearing from you today.

Ms. McCollum. But the Chairman has to agree. He is the boss. Mr. Simpson. Oh, I agree. We try to work with other committees, and we try to work with the Department of Justice to help address some of the issues in Indian Country, and we will continue to do that with the Department of Education. And if there are ideas that we have, that committee members have that we can be helpful with, just let us know. We are more than willing to work with it.

I appreciate you being here today. As I said in the beginning, Larry, you know, we are old friends from days gone by, and you mentioned that you had been here 22 months and you are the longest-serving secretary in more than a decade. And that is truly one of the problems I think created in the Bureau of Indian Affairs is that it takes a long time, as you well know. And you did not come to this position as a stranger to Indian Affairs. It takes a long time to get your arms around both the problems and the good things that are happening out there. And I expect you to stay for a while because I am sure you have got your—or at least getting your—arms around them and starting to see some of the things that we can do to improve life in Indian Country. And we want to work with you, and we do not want to start over with a new assistant secretary. So I hope you will stay, and we look forward to working with you to try to address some of these problems. Thanks for being here today.

Mr. Echo Hawk. Thank you very much.

Mr. SIMPSON. You bet.

Hearing Questions for the Record (QFR) Hearing: Department of the Interior, Bureau of Indian Affairs Service FY 12 Budget Oversight Wednesday March 30, 1:00pm Rayburn B308

Questions for the Record from Chairman Simpson

Thank you for your opening testimony. We will be happy to insert it into the record along with any additional information requested by the committee.

Tribal/Interior Budget Council (TIBC)

The committee was made aware that Indian Affairs' FY12 budget formulation process involved more extensive consultation with the Tribal/Interior Budget Council than is normally done, yet the Greenbook makes only passing reference to the Council.

Simpson Q1: Please take a minute to describe the Council, its membership, and the consultation process.

ANSWER: The Tribal/Interior Budget Council (TIBC) is comprised of Indian Affairs senior leadership, two tribal representatives from each of the 12 Indian Affairs Regions, and two tribally elected co-chairs. The Assistant Secretary – Indian Affairs serves as the Federal co-chair to TIBC. The tribal members are selected by the Tribes in their respective Regions. Once these leaders are selected, the tribal representatives choose one of their own to serve as the other co-chair. With this composition of tribal membership, there is input from tribal leaders across the nation on budgetary issues affecting Indian Affairs, including input during the formulation and execution phases of the budget process. Meetings are held on a quarterly basis with three of the meetings each year taking place in the Washington, DC area and the fourth meeting is hosted by a Tribe in the field. It is at these meetings that Tribes have the opportunity to provide input to the Assistant Secretary on their funding priorities for a given fiscal year. This input is incorporated to the extent possible during the formulation phase to craft the IA budget proposal.

Simpson Q2: What were some of the Council's recommendations that did not make it into this FY12 budget?

ANSWER: During meetings with Tribes, members broadly express interest in obtaining full funding for Contract Support and inflation adjustments for all TPA programs. There is a great deal of differences among the Tribes as to their priorities given many factors, such as natural resources, BIE schools, and law enforcement units. The FY 2012 Budget Request represents the best agreement among the various groups as to top priorities.

Contract Support Costs (+\$25.5M)

The need for increased funding for contract support costs is an issue this subcommittee hears about probably more often than any other need in Indian Country. I was pleased to see an increase in your FY12 budget of \$25.5 million for contract support.

Simpson Q3: Does your FY12 budget include full contract support costs, and, if not, what is the projected shortfall?

ANSWER: The FY 2011 enacted budget included \$220.0 million for Contract Support. The Bureau estimates a CSC funding shortfall of \$8.8 million for FY 2011 which was based on proposed program increases in the FY 2011 budget which were not realized. The projection of CSC need for FY 2011 has not been re-estimated to reflect changes in the enacted budget. Based on proposed program increases in the FY 2012 budget, the projected CSC need is \$237.0 million. The FY 2012 budget includes \$195.5 million.

Tribal Law and Order Act of 2010

The Tribal Law and Order Act of 2010 no doubt increased the responsibilities of Indian Affairs in many areas.

Simpson Q4: Please take a minute to summarize these increased responsibilities; describe where the budget meets these responsibilities and where the budget falls short.

ANSWER: The TLOA requires:

- Concurrent Jurisdiction: An Indian Tribe, after consultation with and consent by the Attorney General, to accept concurrent jurisdiction to prosecute violations of sections 1152 and 1153 of Title 18, United States Code, within the Indian Country of the Indian Tribe. Depending on the number of Tribes accepted by the Department of Justice (DOJ), including whether it includes Tribes in P.L. 280 states, would impact BIA funding requirements.
- 2. Probation and Pre-Trial Services: To the maximum extent practicable, the chief judge, chief probation, or pretrial services officer of each judicial district, in coordination with the BIA, appoint individuals residing in Indian Country to serve as probation or pretrial services officers or assistants for purposes of monitoring and providing services to Federal prisoners residing in Indian Country; and to provide substance abuse, mental health, and other related treatment services to offenders residing on Indian land. These are new program requirements for BIA currently not covered within its appropriated funds.
- 3. The TLOA further states that as soon as practicable after the date of enactment of this Title, the Secretary shall establish, under the laws of the District of Columbia and in accordance with this Title, a foundation, to be known as the Indian Law Enforcement Foundation. During the 5-year period beginning on the date on which the Foundation is established, the Secretary may provide personnel, facilities, and other administrative

support services to the Foundation; may provide funds for initial operating costs and to reimburse the travel expenses of the members of the Board; and shall require and accept reimbursements from the Foundation for services provided under paragraph (1); and funds provided under paragraph (2). These are new program requirements for BIA currently not covered within its appropriated funds.

Within its current funding level, BIA already meets the following TLOA requirements:

- Communicating with tribal leaders, tribal community and victims' advocates, tribal
 justice officials, indigent defense representatives, and residents of Indian Country on a
 regular basis regarding public safety and justice concerns facing tribal communities.
- Conducting meaningful and timely consultation with tribal leaders and tribal justice officials in the development of regulatory policies and other actions that affect public safety and justice in Indian Country.
- Providing technical assistance and training to tribal law enforcement officials to gain access and encoding authority to utilize the National Criminal Information Center and other national crime information databases pursuant to Section 534 of Title 28, United States Code.
- 4. On an annual basis, sharing with the DOJ all relevant crime data, including Uniform Crime Reports that the BIA prepares and receives from tribal law enforcement agencies on a Tribe by Tribe basis to ensure that individual tribal governments providing data are eligible for programs offered by the DOJ.
- 5. Submitting to the appropriate committees of the Congress for each fiscal year a detailed spending report regarding tribal public safety and justice programs that includes the number of full-time employees of the BIA and tribal governments in the following positions:
 - · Criminal investigators;
 - · Uniform police;
 - Police and emergency dispatchers:
 - Detention officers;
 - Executive personnel, including special agents in charge, and directors and deputies of various offices in the BIA Office of Justice Services; and
 - Tribal court judges, prosecutors, public defenders, appointed defense counsel, or related staff (including reporting "(ii) the amount of appropriations obligated for each category described in clause (i) for each fiscal year").

Also included in the submission is the following information:

 A list of amounts dedicated to law enforcement and corrections, vehicles, related transportation costs, equipment, inmate transportation costs, inmate transfer costs, replacement, improvement, and repair of facilities, personnel transfers, detailers and costs related to their details, emergency events, public safety and justice

- communications and technology costs, and tribal court personnel, facilities, indigent defense, and related program costs; and
- A list of the unmet staffing needs of law enforcement, corrections, and court
 personnel (including indigent defense and prosecution staff) at BIA and tribal
 locations, the replacement and repair needs of tribal and BIA corrections facilities,
 needs for tribal police and court facilities, and public safety and emergency
 communications and technology needs.
- 6. Submitting to the appropriate committees of the Congress for each fiscal year a report summarizing the technical assistance, training, and other support provided to tribal law enforcement and corrections agencies that operate relevant programs pursuant to self-determination contracts or self-governance compacts with the Secretary.

Detention/Corrections (+\$10,395,000; +13 FTE)

One of the largest increases in the FY12 proposal is \$10.4 million and 13 FTE for Detention and Corrections operations. Detention facilities are under-funded—by 459 positions, as the Greenbook states. The Recovery Act only seems to have made matters worse, as Indian Affairs is now on the hook to fund an additional 323 staff at six new facilities opening up between now and FY14.

Simpson Q5: What's the plan for meeting these new staffing requirements, and what is the estimated cost increase? How many of the 459 positions will be filled with the \$10.4 million increase?

ANSWER: Based on enacted funding levels, BIA will assess the current staffing need and identify allocation amounts to programs.

In FY 2010, the BIA increased salaries for BIA Correctional Officers and provided Tribes with increases to their base funding allocation to increase their Correctional Officer salaries. In concert with the Department, BIA has also enhanced its recruitment efforts by offering incentives and conducting specific outreach to reservations where staffing is needed. The BIA has also began to recruit in specific target locations with localized recruitment events, utilizing local colleges and tribal government to aid in recruiting highly qualified candidates.

The recruitment efforts have been very successful and the BIA has seen a significant increase in applicants due to these efforts as well as the increases in base salary for Indian Country corrections officers.

The additional \$10.4 million requested in the FY 2012 President's Budget will provide funding for approximately 105 additional correctional officer positions.

	Staffing Need
Current Programs (BIA, 638,SG)	459
Projected Programs (DOJ grants)	323

Regional Detention Centers

The FY10 conference report included language encouraging BIA to consider establishing regional detention centers at new or existing facilities.

Simpson Q6: Please update the committee on progress being made at Interior and Justice to address this as a possible solution to the building, operating, and maintaining of individual tribal detention centers.

ANSWER: The BIA encourages Tribes to consolidate efforts and to support regional facilities. Some Tribes which received DOJ planning grants are doing so as a consortium such as the Northern Pueblos and Omaha and Winnebago Tribes. BIA utilizes its Towaoc facility as a regional facility housing adults and juveniles.

The TLOA requires Indian Affairs to develop a long term detention plan within one year of enactment for adult and juvenile detention. DOJ is also required to complete a similar report within TLOA. In response to this requirement, the BIA and DOJ have begun a joint effort to develop these plans.

A joint DOI-DOJ workgroup has been established and meets on a bi-weekly schedule. Sub-committees have been established to address specific topics:

- Outreach Coordination Team;
- O Data and Report Support Team;
- o Detention Subcommittee (Adult and Juvenile);
- o Alternatives to Detention Subcommittee (Adult and Juvenile); and
- o Reentry Subcommittee (Adult and Juvenile).

Membership consists of BIA and DOJ component representatives. At least one Bureau of Indian Education representative and one BIA Office of Indian Services representative are participants in this effort, dependent on their respective subject matter area(s).

- A series of four webinars sponsored by the National Congress of American Indians (NCAI) are scheduled for every other Wednesday. The first webinar was held on March 30, 2011. Each webinar's duration is 90 minutes including a short introduction and then open discussion. Notes will be taken from these sessions and information will be used in developing plans. The webinars are scheduled as follows:
 - o March 30 Overview of TLOA Long Term Detention Plan requirements;
 - o April 13 Alternatives to Detention/MultiJustice Centers/Treatment Centers;
 - April 27 Detention: Construction, Operations and Pre-release Reentry Issues;
 and
 - o May 11 Community Support for Reentering Tribal Members.

Public Safety and Justice Construction (-\$53M; -5 FTE)

The Public Safety and Justice Construction activity is down by \$53 million from FY10, including the termination of facility replacement and new construction, and a \$5M decrease for employee housing. Your budget request justifies this cut by stating that it duplicates a construction grant program within the Department of Justice. However, the Justice budget says very little about its plans for tribal construction in FY12. I'm concerned that we're perpetuating a problem of Tribes receiving funding for facility construction but not for operations.

Simpson Q7: Please explain why the approach taken in this budget proposal is an improvement over the way we've funded safety & justice construction in previous years.

ANSWER: Indian Affairs, in consultation with the Department of Justice, is working to address justice facility deficiencies across Indian Country. DOJ funding for construction of facilities is very limited — only about \$8 million in 2011. The Indian Affairs' participation in the competitive grant deliberations and selection process will assist the DOJ in its selection process.

Simpson Q8: Under Justice's competitive grant program, how do you ensure that the reservations with the greatest need are the ones getting new facilities?

ANSWER: While BIA has strengthened its working partnership with DOJ, the ultimate decision on funding facilities from DOJ's competitive grant program rests with DOJ.

Simpson Q9: Can you assure this committee that those problems of the past aren't repeated?

ANSWER: BIA is strengthening its working partnership with DOJ on all aspects affecting law and order in Indian Country. BIA is providing its expertise from its own Corrections staff to DOJ to assist in its decision making as well as other information that may be requested from DOJ on the topic. However, the final decision rests with DOJ on funding awards from its competitive grant program.

Performance Measurement

As I read the sobering statistics about conditions in Indian Country as compared to the U.S. as a whole – in terms of crime, poverty, education, and health – I believe this is one area within our jurisdiction where we should be taking a hard look at our measurements of success. Serious problems in Indian Country are not being solved, and we're not going to solve them simply by spending more or be counting "widgets"—as it seems the GPRA tables have become. There has to be more to it than that.

Every agency prepares an annual Performance and Accountability Report, and every one of them is so long and complex that it is a wonder how any agency can use it to manage their programs. I'm aware that Interior is working hard to continually improve its performance measurement.

Simpson Q10: Please take a minute to update the committee on Indian Affairs' efforts to improve the measurement of its performance.

ANSWER: Indian Affairs has many challenges in Indian Country, but it is held that clear and concise performance measures will assist Indian Affairs in evaluating its progress in meeting these challenges. It is one of Indian Affairs top priorities to have effective performance measures in place and, more importantly, not only in place but utilized in the programs. Indian Affairs has worked very hard over the past two years to look at its performance measures in parallel with the development of the Department of the Interior (DOI) Strategic Plan. The results of the efforts have lead to performance measures that are more outcome oriented and align better with strategies outlined in the DOI Strategic Plan. As a result, Indian Affairs has taken a very progressive approach to performance management. In many cases, Indian Affairs can improve significantly by "spending smart" rather than spending more. But, to improve organizational performance, it is essential for Indian Affairs to understand how to define and measure performance as part of a strategy for relevant, successful, and cost-effective operations. For example, the BIA Office of Justice Services is utilizing performance data to determine why the number of violent crimes per police officer varies among locations. Where BIA has recognized more successful police activity as a result of performance measures, it will identify best practices and introduce them into locations that need more effective policies and procedures. The Assistant Secretary - Indian Affairs direction to Indian Affairs managers is that they will use similar performance data and data analysis to make better and more useful management decisions.

Tribal Courts

Violent crimes are more than twice as common on reservations versus the rest of the country. Drug-related crimes and domestic violence are especially high. According to a February 2011 GAO report, the tribal court system is unable to accurately and efficiently prosecute violators of the law on tribal lands. The GAO points out that in the majority of cases, the tribal system does not have the jurisdiction to sufficiently pursue justice correctly. When tribal courts do not have jurisdiction to prosecute, the U.S. Attorneys' Offices typically prosecute these cases. The Tribes argue that the U.S. Attorneys' Offices are unresponsive at times and lethargic at best in pursuing cases on tribal lands. However, GAO seems to be suggesting that U.S. Attorney's Offices and the BIA share in the responsibility of addressing this problem.

Simpson Q11: In your opinion, what is the root of the problem, and how does your FY12 budget begin to address it?

ANSWER: The GAO's reference to the tribal courts not having jurisdiction to prosecute certain cases is based partly on the *Oliphant v. Suquamish Indian Tribe* decision which stripped tribal courts of any criminal jurisdiction over non-Indians committing crimes against Indians in Indian Country and the limitation of tribal courts to address only misdemeanor crimes. These limitations are especially hard on tribal courts when they are dealing with serious domestic violence cases. There are numerous non-Indians married to tribal members who cannot be tried by tribal courts for crimes committed against their Indian family members. They can only be prosecuted in State or Federal courts. The tribal courts' limited sentencing authority of one year makes it difficult to adequately address serious domestic violence cases even among tribal members. And though the passage of the TLOA allows for the increase in sentencing authority for tribal courts, a majority of these courts will not be able to implement this authority due to the qualifications the courts must meet to exercise the new longer sentences.

The Bureau's proposed FY 2012 budget begins to address the additional requirements and responsibilities mandated by TLOA by providing authorization of additional funding to the tribal courts to develop their professional staff and develop more comprehensive law and order codes. In FY 2011, the BIA has implemented a training component for tribal judges, prosecutors, and court administrators. Additional training funds will be allocated to provide on-going training for public defenders and increased court personnel.

Simpson Q12: Given that we understand that BIA is trying to do many things with limited resources, if you had the resources, do you think tribes would prefer to address high crime rates themselves, or would they prefer more federal and state involvement to solve the problem?

ANSWER: Tribal leaders have long held that in most cases in recognition of their tribal sovereignty, they prefer to administer Federal programs serving their membership themselves with sufficient resources provided by the servicing agency.

Education Construction (-\$8.9M)

The budget indicates a steady improvement in the physical condition of BIE schools, from FY06 through FY10, with a long-term target in FY12 of having 70 percent of schools in "acceptable" condition. While I fully support setting goals and measuring progress, in this case, 70 percent is barely a passing grade and the term "acceptable" sounds worse than "good" but better than "poor". In fact, I have here a list of 64 Indian Affairs funded schools in "poor" condition, with an estimated total project cost of \$1.3 billion.

Simpson Q13: If we cut education replacement facility construction by almost \$9 million – as the FY12 budget proposes to do – can we expect the list of schools in poor condition to grow?

ANSWER: The FY 2012 proposed budget does represent a reduction of almost \$9 million. However, \$13 million has been realigned within the budget to undertake building repairs to address more projects and reduce the number of building deficiencies across all Indian Education facilities. Consequently, Indian Affairs does not expect the list of schools in poor condition to increase.

Simpson Q14: Describe the priority setting process for school construction; would you characterize it as being transparent?

ANSWER: There are three construction programs within the Education Construction appropriation: Replacement School Construction; Replacement Facilities Construction; and Facilities Major Improvement and Repair. The Replacement School Construction program is devoted to the replacement of a school campus, in general, all buildings, roads, supporting facilities including athletic facilities and fields. The current priority list of Replacement School Construction was published in the *Federal Register* in May 2004 and remains unchanged. When published, the list consisted of 14 schools, 8 of which have been funded for replacement to date.

The Replacement Facilities Program was developed in 2006 to address individual facility needs such as a dormitory, a classroom, a library, or other similar buildings. The priority of

construction of individual facilities comes from the condition of the existing building as described within the Facility Condition Index (FCI), which is the cost of repairs divided by the current replacement value of the building. Frequently, extraordinary deterioration of one facility on a school campus due to age, use, or uncorrected failures such as a leaking roof, results in significant facility failure. When the cost of repairs for a building reaches 66 percent of its current replacement value, the building is placed on a list for replacement/repair in worst first priority. The priority list changes as buildings deteriorate or undergo repairs.

The list of buildings in poor condition, which is the lowest rating of physical condition of a building, is available on the Indian Affair web site (www.indianaffairs.gov) and is listed alphabetically along with each building's FCI as of the end of the previous calendar year. The FCI can change due to a number of factors including the correction of building components, catastrophic failure due to weather, deficiencies that remain uncorrected, and other similar factors.

The Facility Improvement and Repair Major Construction priority list is based on a linear formula condition calculation. Annually, Indian Affairs calculates the FCI for each building and for the entire campus as a single entity. The resulting calculation leads to a worst first list of campus conditions and building conditions. A team of engineers and architects as well as Bureau of Indian Education staff reviews the list to determine the most effective approach to bringing the worst facilities into acceptable condition. Buildings which can be brought into like new condition through improvements and repairs are candidates for the Facility Improvement and Repair program as major improvement and repair projects. The publication of this list is predicated on current budget funding levels and projected for a five year period in the annual President's request to the Congress.

Simpson Q15: Do you have a priority school construction list that you can share with the committee, similar to that provided by the Indian Health Service?

ANSWER: Other than the Replacement School Construction list published in 2004, Indian Affairs does not have a similar priority list. Under the No Child Left Behind Act, the Secretary of the Interior has convened a Negotiated Rule Making Committee to recommend the methodology and factors to be considered in creating such a list. The Committee is currently in final deliberations and it is anticipated that the Committee will present its report to the Secretary at the end of the current calendar year. The next priority list of school construction projects will be developed in consideration of the recommendations of the Committee.

Simpson Q16: What criteria did you use to determine school construction with Recovery Act money?

ANSWER: The priority list of school construction projects came from the Education Replacement School list published in 2004, component building repairs such as Major Improvement and Repair projects were funded based on the current FCI value in worst first order.

A June 2008 GAO report on BIE schools highlights failings that pertain to the selection and coordination of "adequate yearly progress" definitions or AYPs, as is called for in the No

Child Left Behind Act. Among the 174 BIE-run schools, several school systems report a lack of direction from BIE in forming these annual criteria, which presents a challenge as each school system attempts to craft a meaningful system of performance measures.

Simpson Q17: What steps is the BIE taking to aid their school systems and create AYP goals to measure performance as well as plans to attain those goals?

ANSWER: <u>Create AYP goals to measure performance</u>. BIE-funded schools do not create Adequate Yearly Progress (AYP) goals to measure performance. The respective 23 States where BIE funded schools are located are responsible for setting goals, known as Annual Measurable Achievement Objectives (AMAOs or, more commonly, AMOs), for the purpose of determining whether BIE-funded schools are making AYP, in accordance with the outcome of Negotiated Rulemaking for the implementation of No Child Left Behind (25 CFR § 30.104). Consequently, BIE has no role in aiding schools in the activity to create goals to measure performance related to AYP.

<u>Develop plans to attain AYP goals.</u> To assist BIE-funded schools in making AYP, the BIE is employing a two-pronged approach. First, BIE makes assessment tools available to schools so that they can analyze their students' achievement and align their curricula to student needs. Second, BIE works with schools to write school improvement plans and implement those plans effectively.

With regards to the first approach, the BIE has contracted with the Northwest Evaluation Associates (NWEA) for the provision of short cycle and other assessments (i.e., MAP and Descartes) that reflect the standards of the State in which the school resides. This increase in the frequency and accuracy of the measurement of student achievement allows schools to more efficiently modify their curricula to address student needs. The BIE is further supplementing this process by offering schools technical assistance to further the goal of improving student achievement based on data analysis.

The data continue to drive the conversation on school improvement when it comes to schools developing and implementing their school improvement plans. The BIE has implemented an online organizational tool called Native Star with the assistance of the Center on Innovation and Improvement (CII). Originally implemented for the monitoring and organization of school improvement activities for schools receiving school improvement grants, the program has been expanded to encompass all BIE-funded schools. Native Star is a collection of "performance indicators" that serve as benchmarks for school success. Schools self-select a series of indicators to form the basis of their school improvement plans. Schools report on their activities for these indicators through the Native Star system and, in addition to working with schools on-site and other in-person training events, BIE program personnel provide feedback to the schools on their plans and activities through the Native Star system.

BIE believes that a data-centered, coordinated approach that emphasizes planning and adjusting to new information will be a recipe for long-term success in the area of student achievement. However, the BIE also believes that many of the problems the BIE has encountered as a school system that utilizes 23 different State standards for determining AYP comes from the lack of a consistent, reliable definition of what constitutes AYP. BIE advocates in the reauthorization of

the Elementary and Secondary Education Act the move to Common Core Standards and the use of Fully-Adaptive Testing (or Computer Adaptive Testing) to measure student achievement against those standards. Only after a single standard is implemented for BIE can the BIE offer a complete picture of the quality of education offered at all of its schools.

With regard to the second approach, BIE provides technical assistance to schools to develop and implement better school improvement plans. A key element of BIE's strategy to improve student achievement is the use of performance indicators. The BIE has launched an innovative performance indicator-based school improvement initiative for BIE-funded schools. The webbased platform for school improvement is called Native Star and was developed in collaboration with the CII, which is a national technical assistance center funded by the U. S. Department of Education. CII evidenced their success through field-testing in 30 districts in Virginia that were in conditional accreditation status or with schools in restructuring. Schools using the indicators of effective practice have shown significant gains in reading and math achievement.

Native Star is a customized version of the Indistar™ system. Nine states plus the BIE currently use the web-based performance indicator system, with more than 4,000 schools participating. Each State (including BIE) selects the indicators for its schools, gives the system a name (i.e., Native Star for BIE), establishes benchmarks and reporting dates, and provides specific forms and resources.

Native Star/Indistar is based on indicators of effective practice from the research in the *Handbook on Restructuring and Substantial School Improvement*, published in 2007. Indicators are written in practical, jargon-free language to guide a school through a continuous improvement process. Schools assess their own level of implementation on each indicator and plan a course of action to reach full implementation of best practices. Native Star promotes various levels of leadership working together to develop and sustain effective and successful schools.

Simpson Q18: Almost all of the BIE Schools adopted the AYP's of the State in which the school was located. How is the BIE coordinating with States?

ANSWER: The BIE coordinates with States to gain access to State standards-based assessment data (from the AYP tests) in 23 states where BIE-funded schools are located. Key personnel within State education agencies have been identified and working relationships have been established in States where formal memoranda of understanding (MOU) do not currently exist between the State and the BIE. BIE has recently made progress in working with the States of Arizona, New Mexico, and Washington toward implementing MOUs for data exchange.

The BIE has joined the Counsel of Chief State Schools Officers (CCSSO) and has endorsed its Common Core State Standards and Assessments in BIE-funded schools. The Common Core State Standards provide a consistent, clear understanding of what students are expected to learn, so teachers and parents know what they need to do to help them.

Domestic Violence and Substance Abuse

Last year this subcommittee included considerable report language directing the Department to engage the Department of Justice, Tribes, States, and the Inspector General to better address the epidemic levels of sexual and domestic violence, substance abuse, and related criminal problems.

Simpson Q19: Please update the committee on progress made to date on that effort.

ANSWER: In FY 2011, the BIA Indian Police Academy has partnered with the Federal Law Enforcement Training Center to conduct four "Domestic Violence Train the Trainer "programs. These programs provide instruction on domestic violence investigations, response of law enforcement to domestic violence incidents, dynamics of domestic violence, victim response to domestic violence, and prevention of domestic violence. The goal of this particular program is to train Domestic Violence instructors, provide a curriculum for each participant to return to their respective communities and provide domestic violence training to law enforcement, community, and other public service workers.

In FY 2011, the Academy has also committed to partnering with the Department of Justice to conduct six three-day domestic violence training seminars in Indian Country. The three-day seminars are designed to provide domestic violence investigations, sex crime investigations, domestic violence victim assistance, and domestic violence prevention to BIA and tribal police, corrections, and tribal court personnel.

Simpson Q20: What are some of the major obstacles you've encountered, and how have you overcome them?

ANSWER: The Tribal Law and Order Act requires the Secretary of the Interior to work closely with Tribes, States, and other Federal agencies to address substance abuse issues. The Bureau of Indian Affairs continues to focus a concerted effort on successfully executing the Meth Initiative which combats the abuse of methamphetamine in Indian Country. The initiative has allowed Tribes and the BIA to hire additional social workers to focus on developing substance abuse programs and a stronger focus on family reunification efforts.

Rights Protection

In FY10 we appropriated a \$12 million increase for Rights Protection programs, and we included language directing the BIA to distribute the increase provided for rights protection using a merit-based process, in accordance with language included in the President's FY10 budget. This is an area of the budget that both Chairman Dicks and I feel strongly about, and I think we were looking forward to the development and rationale of such a merit-based process. To date we have not seen it, and the FY10 allocation appears to have been largely pro rata with a few minor changes.

Simpson Q21: Is a merit-based process in place? Please explain to the committee the approach taken in FY10 and the rationale.

ANSWER: RPI funds go to Indian organization programs that have been formed following Supreme Court decisions to carry out mitigation funded by the Congress. The creation of funding packages arose intermittently as the court cases concluded over time. Given that RPI funds are not distributed to programs through a formula system, in this instance general increases to RPI are best suited under a pro rata system to ensure equitable government treatment of Indian treaty interests.

Land in Trust Database

Earlier this year, we heard from the GAO and the DOI Inspector General who listed information technology as one of the challenges facing the Department as a whole. GAO has outlined in a July 2006 report that the land in trust applications database is poorly constructed and riddled with errors. The GAO indicates that the fundamental weakness of the database is its hasty construction. GAO also stated that the BIA accepts a large proportion of applications for Land in Trust.

Simpson Q22: What's the purpose of the database; what is your assessment of the problems, and what are the solutions?

ANSWER: The purpose of the fee-to-trust database is to give Indian Affairs a tool to track pending applications through the application process and to be able to identify and report lands acquired in trust for each calendar and performance year. The system evaluated by GAO in 2006 was actually a spreadsheet that was replaced by the Fee-to-Trust Tracking System in 2007 which was developed in-house by BIA subject matter experts working with the Indian Affairs Office of the Chief Information Officer. The system is simply a tracking system. The Fee-to-Trust Tracking System has been evaluated and a decision has been made to move on to a less expensive yet more robust system that will allow BIA to track pending and completed applications and to assist users in processing cases by incorporating key dates alerts and milestones for expiring environmental and title insurance documents. The new system will be developed on a one-time cost basis of approximately \$250,000 and will also allow a muchneeded acquisition and disposal tool to process trust-to-trust conveyances which constitute over 99 percent of all conveyances processed by the BIA.

Native American Artifacts Issues

According to a July 2010 GAO report on the Native American Graves Protection and Repatriation Act, BIA is one of two agencies that have made the least amount of effort to comply with NAGPRA.

Simpson Q23: It seems odd that BIA of all agencies would be least complicit with an Act that attempts to repatriate burial objects to tribes; please explain.

ANSWER: Indian Affairs actively pursues repatriation of funerary objects and remains through the museums that have custody of the vast majority of the objects. Indian Affairs records show that more than 95 percent of all objects culturally affiliated with Tribes have been returned. The process of cultural affiliation is handled between the Tribes and the repository, which is typically a non-Federally affiliated museum.

Simpson Q24: How is the BIA attempting to better comply with NAGPRA? What is your biggest challenge to this effort?

ANSWER: The biggest challenge in compliance with NAGPRA is the indirect involvement of Indian Affairs in the repatriation process. Indian Affairs is resurveying the non-Federal repositories housing funerary objects and remains to determine the accuracy of current records. Indian Affairs is also resurveying the non-Federal repositories housing Indian Affairs' museum objects to verify they do not hold NAGPRA items in their possession, and if so, to determine the status of their compliance with NAGPRA. Once all responses are received from the non-Federal repositories, Indian Affairs will assess the status and track their compliance with NAGPRA.

Juvenile Detention / Educational Services cut (-\$600,000)

I'm concerned about the proposed elimination of funding for educational services for tribal juvenile detention facilities in the President's FY12 budget request. In the past, this funding amount has been \$600,000 for 24 BIA funded juvenile detention facilities, which the Administration now proposes for elimination.

Shoshone-Bannock's juvenile detention center is in need of educational (and behavioral and mental health) programming for its juveniles. Right now, the Tribes only have enough funds to lock up the juveniles and there is very little support for rehabilitation of these juveniles. The Tribes' hope is that its juvenile facility can be a rehabilitation center in addition to a detention center. The Tribes wanted to flag this issue for you and to see if Chairman Simpson could consider inquiring about it at the BIA FY12 budget hearing today or in follow up questions.

ANSWER: To better meet the needs of our core responsibilities to American Indians and Alaska Natives during this time of fiscal discipline, funding for juvenile detention centers was eliminated from the FY 2012 budget request. The program provides limited educational resources for incarcerated children, and some Tribes directly fund their facilities for educational services. However, we understand that not all Tribes have the resources to assist with funding their juvenile detention facilities, and these centers need to have funding resources to provide for educational services in order to further the goal of educating American Indian and Alaska Native children, and promoting a rehabilitative environment in the centers. Thus, in order to assist with meeting this need, DOI submitted proposed language to the Department of Education (ED) to be included in the reauthorization of the Elementary and Secondary Education Act in Title III, Part D (Sec. 3401) —State Grants for Neglected or Delinquent Children and Youth—that will allow for Tribes to receive sub-grants to be used to establish or improve educational services in juvenile detention centers.

Indian School Construction and Safety

As you know, Indian tribes ceded or had taken hundreds of millions of acres of their homelands, which were used to help build our Nation. In return, the United States promised to provide for the education, health, and general welfare of the remaining Reservation residents. One of the primary obligations of your agency is to provide for the education of Indian children. However, the FY 2012 budget proposes zeroing out funding for BIE school construction, and proposes a

significant cut for school improvement and repairs. These cuts mean that many of these children will forced to continue to attend crumbling schools that pose serious health and safety hazards, such as at the Bug O Nay Ge Shig School in Cass Lake, MN. I recognize that there need for reductions in the budget but BIE school construction is not the place to do it. Given the federal government's fiduciary responsibility to the first Americans, we should be trying to reduce the backlog in BIE school construction instead of adding to it. I realize that the Administration put a one-time increase in funding for BIE school construction under the Recovery Act, but addressing this backlog takes a sustained effort. By zeroing out funding for BIE school construction means that we'll be back to where we were before the Recovery Act funding for school construction.

Simpson Q25: So my question to you is, is there a plan to address the backlog in construction? If so, what is the plan?

ANSWER: The plan to correct facility deficiencies is through building repair and improvements and to stay abreast of ever changing academic requirements while maintaining buildings at a level that represents a healthy and safe environment for students, teachers, and visitors. Using risk assessment evaluations and classification of deficiencies into categories of health and safety as well as education deficiencies, Indian Affairs will continue to improve and repair education facilities in a worse first priority through smaller projects and improved maintenance activities.

Simpson Q26: Also, I have heard about problems with transparency in BIA's process in determining which schools get replaced and how it determines its construction priorities. We understand that BIA in 2004 published a list of 14 schools that it planned to replace and that the BIA has told tribes that it has replaced 10 of the 14 schools. Further we understand that the BIA is currently engaged in negotiated rule-making to develop its new criteria for developing a new construction list. However, the schools, their communities, and the Congress needs to have a comprehensive picture of the facility conditions at all of the BIA schools. Many of the BIA school facilities are rated in poor condition, and the BIA has indicated to these schools, even though they are not on the BIA's official construction list from 2004, that they should be replaced given the risk to safety and health. There needs to be a master list that provides everyone information about the BIA school facilities that need to be replaced as well as a listing of the deficiencies at each facility. The schools and their communities need to know about the condition of their schools. Many of them have waited decades for a new facility.

ANSWER: Under the No Child Left Behind Act, the Secretary of the Interior has convened a Negotiated Rule Making Committee to recommend the methodology and factors to be considered in creating such a list. The Committee is currently in final deliberations and it is anticipated that the Committee will present its report to the Secretary at the end of the current calendar year. The next priority list of school construction projects will be developed in consideration of the recommendations of the Negotiated Rule Making Committee.

Simpson Q27: Can you commit to making available to us and the schools this master list as well as the methodology the BIA uses when determining what its school construction priorities are how it decides which facilities to place? Also, could you please update us when your new criteria are developed?

ANSWER: It is the intent of the Assistant Secretary - Indian Affairs to publish and announce the procedures developed from the work of the Negotiated Rule Making Committee regarding the establishment of the priority list of education construction projects. The procedures along with the list of schools and school facilities that will be replaced or undergo major renovation and repair to restore the facilities to acceptable condition will be available to all interested parties on the Indian Affairs internet web site.

Questions for the Record from Ranking Member Moran

Trust Asset and Accounting Management System

One of the long-term problems underlying the historic accounting of Indian trust assets was the lack of good records. Yet, I see in the budget request that you are reducing funding for the Trust Asset and Accounting Management System by approximately \$8.5 million dollars, which will leave only a minimal amount for system maintenance.

Moran Q1: How do you reconcile the obvious need for records improvement with the significant cut you are making in records management?

ANSWER: The portion of the line item which is being reduced is for the annual operations and maintenance (O&M) and enhancements to the TAAMS system. This funding is not used for records management. The amount remaining in the Land Records Improvement (LRI) budget line is sufficient to support the annual O&M charges required to support TAAMS. With the addition of the Acquisition and Disposal Module, Indian Affairs is confident that it has the tools necessary within the system to manage trust lands and the records associated with them. As such, there is no need for additional functionality or enhancements at this time. Additionally, a significant portion of the LRI budget was devoted to training employees through courses provided by the contractor who developed TAAMS. These training sessions were fairly expansive; Indian Affairs holds that its staff now are fully capable of providing the training to new employees in-house at a significant cost saving to the BIA.

BIA Construction Program

A significant cut is proposed in the BIA construction program. We know that many BIA facilities, which include schools, housing, and even dams, have code and standard deficiencies.

Moran Q2: How do you intend to address the backlog of construction needed to address code and standard deficiencies given the size of the cut you are making in the program?

ANSWER: The President's budget proposal does include a reduction of \$8.9 million in education construction; however a reallocation of education construction funding within the budget will result in an increase in building component repair of \$13.8 million which will be used to correct building deficiencies across Indian Education facilities.

Consultation with Indian Tribes

Your budget documents claim that the budget request was developed in extensive consultation with Indian Tribes. I appreciate that such consultation took place and that your budget request tells us what you propose to fund based on these consultations.

Moran Q3: Can you tell us some of the things that tribes requested in the BIA budget that are not funded by your proposal?

ANSWER: During meetings with Tribes, members broadly express interest in obtaining full funding for Contract Support and inflation adjustments for all TPA programs. There is a great deal of differences among the tribes as to their priorities given many factors, such as natural resources, BIE schools, and law enforcement units. The FY 2012 Budget Request represents the best agreement among the various groups as to top priorities.

Land and Water Claims Settlements

I note that the budget request for Land and Water Claims Settlements is cut by \$14.5 million.

Moran Q4: Given that Congress just approved in December four additional water claims settlements, shouldn't this program at least be level funded, if not increased?

ANSWER: The Claims Settlement Act, with the four additional water claims settlements, enacted last year included mandatory funding. The mandatory funding will meet the Water Claims Settlement funding for FY 2011 and 2012. The decrease of \$14.5 million in the Land and Water Claims Settlements Appropriation is due to the completion of the Federal financial responsibility for three settlements (Puget Sound Regional Shellfish Settlement, Pueblo of Isleta Settlement, Soboba Band of Luiseno Indians Settlement) and a reduction in the amount required from the Bureau of Indian Affairs under the terms of the Nez Perce/Snake River Settlement.

Law Enforcement

Moran Q5: Does the budget set a performance goal for law enforcement activities? What has been the progress to date in addressing the myriad problems tribes face, from increased crime rates, drug and alcohol addiction, lack of resources and facilities?

ANSWER: In FY 2012, Indian Affairs requested an additional \$5 million for law enforcement programs. The funding increase will strengthen the Indian Affairs' law enforcement presence on Indian reservations by adding additional BIA and tribal officers to serve as the front line of protection for Indian Country communities, while providing a safe and protected environment for individuals to live. Indian Affairs has witnessed success in reducing crime rates if the proper law enforcement staffing levels are maintained on a reservation.

Through the Secretary's High Priority Performance Goal (HPPG) Initiative targeted at four selected reservations, a difference in crime rates has been realized. The object of the initiative is to achieve significant reduction in criminal offenses of at least 5 percent within 24 months on these four targeted tribal reservations by implementing a comprehensive strategy involving community policing, tactical deployment, and critical interagency and intergovernmental partnerships. Through the implementation of a general crime reduction plan on the four reservations, crime reduction strategies were identified to address specific violent crimes plaguing the reservation. Indian Affairs will begin taking the principles and techniques of this initiative to address crime problems on other reservations throughout Indian Country. Indian Affairs believes this performance goal will assist with reducing crime rates at other locations.

In addition, the FY 2012 budget request includes a request for an additional \$10 million for correction programs. The additional \$10 million requested will provide funding for approximately 105 additional correctional officer positions in Indian Country.

The newly passed Tribal Law and Order Act require the Secretary of the Interior to work closely with tribes, states, and other Federal agencies to address substance abuse issues. The Bureau of Indian Affairs continues to focus a concerted effort on successfully combating the abuse of methamphetamine and other illegal drugs in Indian Country. This work has allowed tribes and the BIA to hire additional social workers to focus on developing substance abuse programs and a stronger focus on family reunification efforts. Law Enforcement and Corrections are also working with Tribal Courts on possible options for alternative sentencing and court ordered rehabilitation for habitual substance abuse offenders.

Nation-to-Nation Relationships

You have proposed \$43 million in programmatic increases to support the administration's initiative "Advancing Nation-to-Nation Relationships." In your budget justification you mention that the funding will be used to invest in contract support, self-determination contract specialists, social work and support for small tribal governments.

Moran Q6: Could you please provide me with an example of what this initiative might mean to a specific tribe? What do you anticipate accomplishing with this infusion of federal funds?

ANSWER: Eight separate components comprise the total increase and the impact of any one component may vary widely amongst Tribes. The requested \$2.9 million for Small and Needy Tribes will affect approximately 103 Tribes with populations of 1,700 or less and base funding below recommended thresholds. As an example, based on FY 2009 data, the Nuiqsat Village in Alaska would receive an additional \$79,000, which might provide for additional tribal government staff, legal consultation, or community outreach. Base funding below a minimal threshold impairs Tribes' ability to self-govern and carry-out basic tribal services. The requested increase fosters improved stability and viability of tribal governments, and thus their ability to exercise their authority as sovereign nations.

To ensure contract oversight of an anticipated increase in self-determination contracts, \$1.0 million will fund additional Self-Determination Specialist positions. The budget contains \$2.0 million to hire additional social workers to assist tribal communities with problems of unemployment, substance abuse, domestic violence and suicide prevention which has been identified as a high priority issue. The request also contains \$500,000 for the development of a performance data management system to assist Tribes with annual audit and reporting requirements, \$450,000 for hiring of additional acquisition personnel, and an increased payment for the Navajo Settlement.

Questions for the Record from Mr. Cole

Cole Q1: What can be done to streamline the process of taking land into trust?

ANSWER: Over the past year the Department has implemented policy in the Bureau of Indian Affairs Indian Affairs Manual (IAM) specifically identifying timeframes for when responses are due from applicants and timeframes for staff to complete various steps within the process that will lessen the amount of time it takes to process an application. Indian Affairs has also developed an informational brochure that is available to all interested parties that describes the process and provides contact information which will also contribute to lessening the time it takes to process applications. These efforts will lead to faster decisions regarding the acquisition of land into trust for the responsibilities within Indian Affairs control; however a significant portion of the responsibility to allow BIA to reach a decision to bring land into trust is borne by the applicant in submitting the proper documentation to BIA (i.e., Title insurance, hazardous waste surveys, environmental compliance). If applicants provide all the information required by regulation, the policy directs staff to make decisions within specified timeframes. In addition to these changes, Indian Affairs has also initiated efforts to revise and streamline the Fee-to-Trust Handbook and implement an automated system that will assist in the processing of applications. The present system simply is a tracking system. These efforts will be completed by the end of this year.

Cole Q2: Does this budget take into consideration the Carcieri decision? How would BIA's mission be affected if no Carcieri fix is enacted?

ANSWER: Yes, the FY 2012 President's Budget Request includes a provision which would allow the Department to continue taking land into trust for Federally recognized Tribes. Section 118 of the General Provisions, which seeks to amend the Indian Reorganization Act, is included in the President's Budget request for the Department.

The Carcieri decision has created confusion regarding the scope of the Secretary's authority to acquire land in trust for all Tribes. The Department will review all fee to trust applications to determine whether the applicant Tribe was "under federal jurisdiction" pursuant to the Indian Reorganization Act of 1934. This review is being undertaken on a case-by-case basis. In the Department's view, the detailed analysis required as a result of the Carcieri decision impacts all Tribes in the fee-to-trust process, as the Department and the Bureau of Indian Affairs must devote significant resources to conduct this analysis for each tribal applicant. This diversion of resources slows down the Department's ability to process all pending fee-to-trust applications.

Cole Q3: How does the budget request for BIE construction compare to the need for BIE construction?

ANSWER: The Bureau of Indian Education funds the operation of 183 schools and dormitories across Indian Country. Currently 120 of the schools and dormitories are categorized as being in good condition while 63 are categorized as being in poor condition. Indian Affairs estimates that the cost to bring all schools into acceptable condition will be \$1.3 billion. Funding is requested for additional improvement and repair work.

Cole Q4: How does the 2012 budget request for BIA compare to FY2010 and what the House passed under H.R. 1?

ANSWER: The FY 2012 budget request for the Operation of Indian Programs includes increases for tribal aid such as Contract Support and high priority programs such as law enforcement, which are offset by reductions in lower priority programs. Construction, Indian Land and Water Settlements, the Indian Guaranteed Loan Program, and the Indian Land Consolidation program are reduced. Primary differences in funding between FY 2010 enacted and H.R. 1 include:

Section 1725: Increases funding for Operation of Indian programs account from \$2,335,965 to \$2,336,865, an increase of \$900,000. Within this amount, contract support is increased from \$166.0 million to \$220.0 million, an increase of \$54 million; school operations is increased from \$568.7 million to \$585.8 million, an increase of \$17.1 million; and school administrative cost grants are increased from \$43.4 million to \$46.2 million, an increase of \$2.8 million.

Section 1726: BIA Construction is reduced from \$225.0 million to \$216.1 million, a reduction of \$8.9 million.

Section 1727: BIA Indian Land and Water Settlements is reduced from \$47.4 million to \$46.5 million, a reduction of \$900,000. Direction is included that no funding is provided for the Pueblo of Isleta Settlement, which was completed in 2010.

In total, H.R. 1 is \$110.0 million above the total Indian Affairs FY 2012 budget request.

Cole Q5: How effective was the one time funding for Tribal Colleges?

ANSWER: By forward funding the TCUs in FY 2010, they were spared the confusion and delays this academic year that result when trying to operate under one or more continuing resolutions. Instead, the TCUs were able to focus on finishing the 2010-11 year and planning for the 2011-12 academic year without any funding interruptions.

Cole Q6: This budget cuts funding for land appraisers yet there is a backlog for land appraisal necessary for energy production and economic development on trust lands. How will this process be streamlined with less staff?

ANSWER: The reduction is mostly shared administrative savings. We are working to develop a report to address issues related to streamlining the process in order to implement additional savings in FY 2012.

INDIAN HEALTH SERVICE FY 2012 BUDGET REQUEST

WITNESSES

YVETTE ROUBIDEAUX, M.D., M.P.H., DIRECTOR, INDIAN HEALTH SERVICE

RANDY GRINNELL, DEPUTY DIRECTOR, INDIAN HEALTH SERVICE

OPENING REMARKS OF ACTING CHAIRMAN COLE

Mr. Cole. Welcome, Director Roubideaux and Deputy Director Randy Grinnell.

The fiscal year 2012 budget request for the Indian Health Service is a \$571 million increase, or 14 percent over fiscal year 2010. Of that increase, \$327 million, or 57 percent, is just to maintain current services.

The rising costs of health care are staring this subcommittee in the face. The United States has an obligation to provide quality health care to American Indians and Alaska Natives, and as Chairman Simpson and Mr. Moran have already demonstrated, meeting that obligation will be as high of a priority of this subcommittee and the 112th Congress as it was in the 111th Congress. It will not be easy.

The reality is that once this subcommittee has been given its allocation, the Indian Health Service will be competing for limited funding against our Nation's aging water infrastructure, the operation of our national parks, the fighting of life-threatening wildfires, just to name a few.

We are pleased to have the two of you here today to continue our dialog about how to ensure that every dollar appropriated to the

IHS is money well spent.

Mr. Cole. With that, I am happy to yield to my friend, the distinguished gentleman from Virginia, Mr. Moran, for any opening remarks he might have.

OPENING REMARKS OF MR. MORAN

Mr. Moran. Thanks very much, Acting Chairman Cole and Chairman Simpson, and Dr. Roubideaux, very nice to see you again.

I would like to put in a quote here just because Mr. Simpson enjoys them so much.

Mr. SIMPSON. That is why I wake up every day.

Mr. MORAN. It is by Sioux chief, Chief Sitting Bull. Actually the first full-length book I ever read was on Sitting Bull because it just happened that my parents gave it to me. He is quoted as having said, "Behold my brothers, the spring has come. The earth has received the embraces of the sun and we shall soon see the results

of that love." This is springtime and that is why the quote is so appropriate. "Every seed awakens and so has all animal life. It is through this mysterious power that we too have our being and we therefore yield to our neighbors, even our animal neighbors, the same right as ourselves to inhabit this land." Pretty wise and insightful. It certainly is as wise as any of our Founding Fathers.

But to get back to the point before us, we are all blessed with the mysterious miracle of life and most people in this country are blessed with good health and a long life, but in Indian Country, as we know, it is a different story. As the Indian Health Service has noted, Native Americans and Alaska Natives die at higher rates than other Americans from tuberculosis, 500 percent higher rate, alcoholism, 514 percent higher incidence, diabetes, 177 percent higher, unintentional injuries, 140 percent higher, homicides, 100 percent higher, suicide, 82 percent higher. And while their life expectancy has increased, it is still 5.2 years less than those of all other races within the United States.

I was disappointed, therefore, that a majority in the House voted to repeal the Patient Protection and Affordable Care Act because I really do think that that is going to be a terrific complement to the Indian Health Service, and you made that point last year, Doctor. That disappointment was compounded by the fact that the repeal included wiping out the reauthorization of the Indian Health Care Improvement Act. It has been nearly two decades since the Indian Health Care Improvement Act was last reauthorized and efforts to update and modernize the law took years of work. Enhancements that the updated law provides include authorization for hospice, assisted living and long-term care as well as comprehensive behavioral health, prevention and treatment programs, all of which would have been wiped out under H.R. 2, which did pass the House in January.

There is an old saying that a person should take care of themselves because good health is everyone's major source of wealth, but for Native Americans and Alaska Natives, that saying rings hollow when many do not have the means to afford or even the fis-

cal access to quality health care.

While the proposed increase in the budget for the Indian Health Service does appear to be quite large, these additional funds have to be viewed in the context that more than 57 percent of the increase is just to maintain current services. The IHS serves approximately 2 million Native Americans and Alaska Natives. It is a population that desperately needs health services. Providing access to quality health care for Native Americans and Alaska Natives is the mission of the Indian Health Service, and that is why this is such an important hearing, and why we are pleased as we could be, Dr. Roubideaux, that you are responsible for it and it is very nice to see Mr. Grinnell with you and your staff.

So again, thanks for having the hearing, Mr. Chairman and Mr. Chairman, and we look forward to the testimony. Thank you.

Mr. SIMPSON. Director.

TESTIMONY OF DR. ROUBIDEAUX

Dr. ROUBIDEAUX. Mr. Chairman and members of the committee, good morning. I am Dr. Yvette Roubideaux and I am the Director

of the Indian Health Service, and I am accompanied today by Mr. Randy Grinnell, the Deputy Director, and I am pleased to testify on the President's fiscal year 2012 budget request for the Indian Health Service.

While the President's budget for the entire Federal Government reflects hard choices necessary to control the deficit, the IHS budget request reflects a sustained commitment by President Obama to honor treaty commitments made by the United States, reflects Secretary Sebelius's continued priority to improve the IHS and represents one of the largest annual percent increases in discretionary budget authority within the Department of Health and Human Services.

This budget request was built upon tribal priorities and maintains current services and also focuses program funding increases to be distributed broadly across as many patients and communities as possible. The budget request for IHS is \$4.6 billion, an increase of \$571.4 million, or a 14 percent increase over the fiscal year 2010 enacted funding level.

The request includes increases to maintain current services including pay costs for Commissioned Corps personnel, inflation and population growth and funding to staff and operate newly constructed facilities, including facilities completely constructed by tribes under the Joint Venture construction program, and the success of the Joint Venture program demonstrates the strong commitment of the Administration and our tribes to reduce the backlog of

health facility construction projects and staffing needs.

The budget also includes a total increase of \$169.3 million for the Contract Health Services program, the top tribal priority for program increases, and this will help us meet the significant need for referrals for medical services in the private sector. The budget request also includes \$54 million for the Indian Health Care Improvement Fund and will allow approximately 88 of our lowest funded hospitals and health centers to expand primary care services. To fund the shortfall in contract support costs, a \$63.3 million increase is included for tribes that have assumed management of health programs previously managed by the Federal Government.

The budget request also includes modest increases for health information technology security, prevention of the principal risk factors for chronic diseases such as smoking and obesity, and expanding access to and improving the quality of substance abuse treat-

ment in our primary care settings.

For the facilities appropriation, the total health care facilities construction budget is \$85.2 million for construction to continue on the replacement hospital in Barrow, Alaska, and the San Carlos Health Center in Arizona, and the Kayenta Health Center on the Navajo Reservation. It will also fund the design and site grading of the Youth Regional Treatment Center in Southern California.

This budget helps us continue our work to bring reform to the Indian Health Service. In the first year that I was Director, I sought input from tribes and staff on where improvements are needed in IHS. In the second year, it has become clear that input from stakeholders has reinforced the need for change and improvement in the IHS, improving the way we do business and to focus more on our oversight responsibilities to ensure accountability and

providing quality health care in the most effective and efficient manner possible. We are working hard to make the improvements and implement the recommendations of the Senate Committee on

Indian Affairs Investigation of the Aberdeen Area.

This budget also includes funding increases for direct operations and business operations support to help us improve our business capacity and oversight. While we are making progress on implementing the Indian Health Care Improvement Act, permanent reauthorization is included in the Affordable Care Act. This budget proposes funding for two high-priority demonstration projects: youth telemental health project for suicide prevention and innovative healthcare facility construction.

While IHS has proven its ability to improve the health status of American Indians and Alaska Natives over the years, this budget request for IHS is really a necessary investment in winning the future that will result in healthier American Indian and Alaska Na-

tive communities.

So thank you for the opportunity to present the President's fiscal year 2012 budget request for the Indian Health Service, and I am happy to answer questions.

[The statement of Yvette Roubideaux follows:]

DEPARTMENT OF HEALTH AND HUMAN SERVICES

STATEMENT

OF

YVETTE ROUBIDEAUX, M.D., M.P.H.

DIRECTOR

INDIAN HEALTH SERVICE

BEFORE THE

HOUSE SUBCOMMITTEE ON INTERIOR, ENVIRONMENT AND RELATED AGENCIES

APPROPRIATIONS HEARING

ON

THE PRESIDENT'S FY 2012 BUDGET REQUEST

FOR THE

INDIAN HEALTH SERVICE

March 31, 2011

STATEMENT OF THE INDIAN HEALTH SERVICE

Mr. Chairman and Members of the Subcommittee:

Good morning. I am Dr. Yvette Roubideaux, Director of the Indian Health Service. I am accompanied today by Mr. Randy Grinnell, Deputy Director. I am pleased to have the opportunity to testify on the President's FY 2012 budget request for the Indian Health Service (IHS).

While the President's FY 2012 budget for the entire federal government reflects hard choices necessary to control the deficit, the IHS budget request reflects a sustained commitment by President Obama to honor treaty commitments made by the United States and to provide for a necessary investment in our future. In addition, the FY 2012 budget request reflects Secretary Sebelius' continued priority to improve the IHS, and represents one of the largest annual percent increases in discretionary budget authority, compared to other operating divisions within the Department of Health and Human Services. This request will help IHS further meet its mission to raise the physical. mental, social and spiritual health of American Indians and Alaska Natives to the highest level.

AGENCY AND TRIBAL PRIORITIES

This budget request was built upon tribal priorities identified during the IHS budget formulation process. Tribes have consistently expressed that maintaining current services must be addressed before programs are expanded, and they have consistently identified the need for program funding increases to be distributed broadly across as many patients and communities as possible. The agency priorities provide a framework for responding to the Tribes and improving what we do and how we do it. Specifically, our agency priorities are:

- Renew and strengthen our partnership with Tribes
- · Reform the IHS
- Improve the quality of and access to health care
- · Make all of our work transparent, accountable, fair and inclusive

BUDGET REQUEST

The FY 2012 President's budget request in discretionary budget authority for the IHS is \$4.6 billion; an increase of \$571.4 million, or 14 percent, over the FY 2010 enacted funding level.

Maintaining Current Services

The request includes \$327.5 million in increases for pay costs for Commissioned Corps personnel, inflation and population growth that will cover the rising costs of providing health care to maintain the current level of services provided in IHS, Tribal, and Urban Indian Health Programs. This amount also includes \$71.5 million to staff and operate newly constructed health facilities, including facilities completely constructed by Tribes under the Joint Venture Construction Program, one facility constructed primarily from Recovery Act funds, and one facility constructed by the Army Corps of Engineers. The success of the Joint Venture program demonstrates the strong commitment of this Administration and the Tribes to reduce the backlog of health facility construction projects and staffing needs.

Funding Increases to Improve Quality of and Access to Care

The IHS proposed budget includes a \$243.9 million increase for a number of programs and initiatives that will increase access to care, and strengthen the capacity of the Indian health system to provide clinical and preventive care. This budget will also help address longstanding unmet needs and inequities in funding levels within the Indian health system. The budget request includes a total increase of \$169.3 million for the Contract Health Services (CHS) program, the top Tribal priority for program increases. This increase will help meet the significant need for referrals for medical services in the private sector. The increase provides \$79.6 million to maintain current services and \$89.6 million to expand the program. Within the programmatic increase, \$10 million will be targeted to the Catastrophic Health Emergency Fund (CHEF), for a total funding level of \$58 million for the CHEF to help pay for very high-cost cases. The budget request also includes \$54 million for the Indian Health Care Improvement Fund and will allow approximately 88 of our lowest funded hospitals and health centers to expand health and primary care services. To fund the shortfall in Contract Support Costs (CSC), a \$63.3 million increase is included for Tribes that have assumed the management of health programs previously managed by the Federal government. These increases represent some of the highest priorities identified by Tribes over the past several years, as well as by me to increase the recurring base budget for our patients' provide needed healthcare services.

In this budget request we also target modest but important funding increases to specific activities to improve quality and access to care. A request of \$4 million for Health Information Technology will address critical security maintenance and enhancements, and facilitate IHS participation in external exchanges and support meaningful use requirements. Prevention of chronic illness, currently widespread and costly in the American Indian and Alaska Native population, will be enhanced by the request for \$2.5 million in competitive awards to reduce the principal risk factors of chronic diseases, i.e., smoking, obesity, and a sedentary lifestyle. IHS also has an important role in the national drug control strategy, as behavioral health issues are pervasive throughout Indian communities. Therefore, the budget requests \$4 million for a

competitive grant program to expand access to and improve quality of substance abuse treatment in our primary care settings.

For the Facilities appropriation, the overall request is \$457.7 million, with an increase of \$62.9 million over the FY 2010 funding level. Within this increase, the total Health Care Facilities Construction budget is \$85.2 million, for construction to continue on the replacement hospital in Barrow, Alaska, the San Carlos Health Center in Arizona, and the Kayenta Health Center on the Navajo Reservation. It will also fund the design and site grading of the Youth Regional Treatment Center for Southern California.

Funding Increases to Reform the IHS

This budget helps us continue our work to bring reform to the IHS. In my first year as Director, I sought input from Tribes and staff on where improvements are needed in IHS. Tribal priorities for reform focused on broad issues such as the need for more funding, the distribution of resources, and improving how we consult with Tribes. Staff priorities focused on how we do business and how we lead and manage people. In this past year, input from external stakeholders have reinforced the need for change and improvement in the IHS and to focus more on our oversight responsibilities to assure accountability in providing quality health care in the most effective and efficient manner possible. We are working hard to make improvements and implement the recommendations of this committee from the Aberdeen Area investigation.

This budget includes funding increases for Direct Operations and Business Operations Support to improve our capacity for performing the functions highlighted above. The funds for Direct Operations will allow us to focus on improvements in the hiring process, recruitment and retention, performance management, and more effective financial management and accountability. The funds for Business Operations Support will allow IHS and Tribal health programs to focus on ensuring effective and efficient processes in billing and collecting from third party payers, processing CHS claims, and ensuring the best rates are negotiated for health care provided through CHS programs. All of these reforms are being conducted as we make all our work more transparent, accountable, fair and inclusive.

We are making progress on implementing the Indian Health Care Improvement Act's permanent reauthorization included in the Affordable Care Act. This budget proposes funding for two high priority demonstration projects: youth telemental health project; and innovative healthcare facility construction.

Savings

This budget request for IHS demonstrates actions to achieve fiscal responsibility without endangering patient care. Two areas of proposed savings have been identified that allow funds to be targeted to higher priority activities. One area is in the small grant programs funded within the Hospitals and Clinics budget, where \$7 million of savings

can be accomplished. These grant programs have a small number of grantees, ranging from 1 to 11 Tribes or Urban Indian Health Programs receiving the awards. Tribes have expressed a preference for direct funding rather than competitive grant programs that benefit only a few Tribes, and the savings achieved here can be redirected towards priority budget items that benefit all Tribes. Another area identified for savings in FY 2012 is the Sanitation Facilities Construction program. Although the overall need for water, sewage and solid waste disposal facilities remains significant, funds received in FYs 2009 and 2010, including Recovery Act funds, totaled nearly \$350 million compared to an annual appropriation of approximately \$96 million for both FY 2009 and FY 2010. Redistribution of these funds will, thus, lessen the impact of this decrease in base funding.

INDIAN HEALTH SYSTEM - ACCOMPLISHMENTS

The FY 2012 budget proposal will provide resources to help the IHS further meet its mission. The IHS provides high quality, comprehensive primary care and public health services through a system of IHS, Tribal, and Urban Indian Health operated facilities and programs based on treaties, judicial determinations, and acts of Congress. This Indian health system provides services to nearly 1.9 million American Indians and Alaska Natives through hospitals, health centers, and clinics located in 35 states, often representing the only source of health care for many American Indian and Alaska Native individuals, especially for those who live in the most remote and poverty stricken areas of the United States. The purchase of health care from private providers is also an integral component of the health system for services unavailable in IHS and Tribal facilities or, in some cases, in lieu of IHS or Tribal health care programs. Unlike many other health delivery systems, the IHS is involved in the construction of health facilities. including the construction of staff quarters necessary for recruitment and retention of health care providers, as well as being involved in the construction of water and sewer systems for Indian homes and communities that lack this basic infrastructure. I know of no other health care organization that accomplishes such a wide array of patient care, public health and community services within a single system.

Addressing Health Disparities

For several years since its inception in 1955, IHS made significant strides in reducing early and preventable deaths from infectious or communicable diseases. However, deaths due to chronic diseases and behavioral health conditions have been more challenging to address since they result primarily from lifestyle choices and individual behaviors. Progress in addressing these disparities will be a sure investment in winning the future, as more youth are ushered into adulthood without engaging in the risky behaviors that are so prevalent in the population today, and as more adults become tribal elders without succumbing to the complications of chronic disease.

Performance through GPRA measures indicates that the Indian health system is making progress in addressing health disparities. For example, the agency achieved its FY 2010

performance targets for mammography and colorectal cancer screenings performed, increasing the portion of the population screening by three and four percentage points respectively; however, the end result for both indicates less than half the user population received these important screenings. Also, while the IHS did not fully meet its FY 2010 performance targets for diabetic patients with ideal blood sugar control or with controlled blood pressure, there were improvements over the previous year's results. With this budget proposed for FY 2012, we anticipate seeing a positive impact on the lives of American Indian and Alaska Native people and progress towards improving the health status of the communities we serve.

CLOSING

The IHS is a predominantly rural, highly decentralized federal, Tribal, and Urban Indian health system that provide health care services under a variety of challenges. However, IHS has proven its ability to improve the health status of American Indians and Alaska Natives over the years. The President's FY 2012 budget request for the IHS is a necessary investment in winning the future that will result in healthier American Indian and Alaska Native communities.

Thank you for this opportunity to present the President's FY 2012 budget request for the Indian Health Service and helping to advance the IHS mission to raise the physical, mental, social, and spiritual health status of American Indians and Alaska Natives to the highest level, and I look forward to working with you over the next year.





Dr. Yvette Roubideaux Director Indian Health Service

Yvette Roubideaux, M.D., M.P.H., a member of the Rosebud Sioux Tribe, South Dakota, is the Director of the Indian Health Service (IHS). Dr. Roubideaux was confirmed by the U.S. Senate as IHS Director on May 6, 2009, and she was sworn in on May 12, 2009. The IHS, an agency within the Department of Health and Human Services, is the principal federal health care advocate and provider for American Indians and Alaska Natives.

As the IHS Director, Dr. Roubideaux administers a \$4 billion nationwide health care delivery program composed of 12 administrative Area (regional) Offices. The IHS is responsible for providing preventive, curative, and community health care to approximately 1.9 million of the nation's 3.3 million American Indians and Alaska Natives in hospitals, clinics, and other settings throughout the United States.

Dr. Roubideaux previously worked for IHS for three years as a clinical director and medical officer at the San Carlos Service Unit on the San Carlos Apache Indian reservation in Arizona, and she worked for one year as a medical officer at the Hu Hu Kam Memorial Indian Hospital on the Gila River Indian reservation in Arizona.

Dr. Roubideaux recently served as assistant professor of family and community medicine at the University of Arizona College of Medicine. Dr. Roubideaux has conducted extensive research on American Indian health issues, with a focus on diabetes in American Indians/Alaska Natives and American Indian health policy. Dr. Roubideaux served as the co-director of the Special Diabetes Program for Indians Demonstration Projects, in which 66 American Indian and Alaska Native communities are implementing diabetes prevention and cardiovascular disease prevention initiatives. She also served as director of two University of Arizona programs designed to recruit American Indian and Alaska Native students into health and research professions.

Dr. Roubideaux received her medical degree from Harvard Medical School in 1989 and completed a residency program in primary care internal medicine at Brigham and Women's Hospital in Boston in 1992. She completed her Master of Public Health degree at the Harvard School of Public Health in 1997. She also completed the Commonwealth Fund/Harvard University Fellowship in Minority Health Policy before transitioning to a career in academic medicine and public health.

She is a past president of the Association of American Indian Physicians and co-editor of the American Public Health Association's book "Promises to Keep: Public Health Policy for American Indians and Alaska Natives in the 21st Century." She has authored several monographs and peer-reviewed publications on American Indian/Alaska Native health issues, research, and policy.





Randy Grinnell, M.P.H. Deputy Director Indian Health Service

Randy Grinnell, a member of the Sac and Fox Nation of Missouri, is the Deputy Director for the Indian Health Service (IHS), an agency in the Department of Health and Human Services (HHS). Mr. Grinnell recently served as the IHS Deputy Director of Management Operations.

As the Deputy Director, Mr. Grinnell shares responsibility with the Director for the total management of a \$4 billion national health care delivery program responsible for providing preventive, curative, and community care for approximately 1.9 million American Indians and Alaska Natives. This includes the setting of overall agency priorities, policies, and strategic direction. Mr. Grinnell provides significant input in managing the formulation, presentation, justification, and execution of the agency budget. His participation influences program and resource allocation decisions that impact the total Agency budget. Mr. Grinnell is responsible for the development of testimony presented to congressional appropriation and legislative committees. Along with the Director, he is a principal witness before such committees.

Mr. Grinnell began his IHS career as a Commissioned Officer in 1976. From 1976 through 1988, he served in a variety of Environmental Health Officer field positions in the Alaska, Albuquerque, and Oklahoma City Areas. From 1988 through 2006, Mr. Grinnell served in a number of management positions in the Oklahoma City Area. He served as the Assistant Director for Environmental Health and Engineering from 1988 through 1992, and again from 1998 through 2006. From 1992 to 1996, he served as the Deputy Area Director and from 1996 to 1998 as the Acting Area Director. While serving as the Acting Area Director, he provided overall management of clinical and administrative functions for a comprehensive health care system serving over 300,000 American Indians and Alaska Natives in 44 Tribes in Oklahoma, Kansas, and southern Texas.

Mr. Grinnell served on numerous special projects and national IHS workgroups both as a member and as a chairman. He was detailed for one year to chair and coordinate the Oklahoma City Area Redesign Task Force project. He also served as co-chair of the IHS User Population Workgroup, and as a member of the IHS Internal Evaluation Team, IHS Shared Services Workgroup, and the IHS Strategic Planning Workgroup. In 2001, he was selected and served a 4-year appointment as the Chief Professional Officer for the Environmental Health Officer category of the Public Health Service. In this role, he provided leadership and was the senior advisor to the Surgeon General and the Department of Health and Human Services on environmental health professional affairs.

In May 2006, Mr. Grinnell retired from the Commissioned Corps of the Public Health Service upon completion of 30 years of active duty service. His awards and recognitions include the HHS Secretary's Award for Distinguished Service, PHS Distinguished Service Medal, Meritorious Service Medal, two Outstanding Service Medals, Commendation Medal, Achievement Medal, Citation, Outstanding Unit Citation, two Unit Commendations, Special Assignment Service Award, Crisis Response Service Awards, and the Surgeon General's Exemplary Service Medal.

Mr. Grinnell earned a bachelor of science degree from East Central University in Ada, Oklahoma, and a master of public health degree from the University of Oklahoma Health Sciences Center.

Mr. Cole. Thank you, Director. I am only in this chair courtesy of Mr. Simpson, who has pressing commitments elsewhere, so I am going to go straight to him so he can ask whatever questions he cares to.

Mr. SIMPSON. Thank you, Chairman. I appreciate it, and thanks for taking the committee today. I apologize for having to slip out to another committee hearing that I have to chair here in a few

minutes, but I did want to come down for your testimony.

You and I have had the opportunity to talk about Indian Health Service, and I think as we have demonstrated, both Republicans and Democrats on this committee are committed to making sure that we improve Indian health across this country. It is not a partisan issue with this committee. I think when Mr. Moran was chairman, he did a great job and we appreciate that, and if you saw in H.R. 1, although it has been called a dump truck, among other things, I think everybody agreed with the increase that we actually put in for Indian Health Service in H.R. 1 as a demonstration of our commitment that we have got to address some of the real problems that exist in Indian Country, and I know that you are doing a great job and I look forward to working with you on these issues as we move forward.

As you probably also know, I was a dentist in the real world before I was elected to Congress, which is a whole other story I will not get into. So I have a couple dental questions.

DENTAL SERVICES

In 2008, the Indian Health Service's GPRA summary report noted that only 25 percent of American Indians and Alaska Natives had access to dental care, and those that do find themselves without the ability to receive many of the routine procedures such as root canals or endodontics, as we like to call it. Root canals make people kind of cringe. Adult services are generally limited to emergency care, if at all. How does the President's IHS budget recommendation address the dire need for dental services in Indian Country and what is IHS doing to help tribal nations attract and retain qualified professionals?

Dr. ROUBIDEAUX. Well, thank you for your question, and I really appreciate your advocacy for dental care in the Indian Health Service. It is a very serious and significant need for addressing because we have high rates of dental caries and other dental problems. Well, this budget has \$170 million for the dental line, which is an \$18.2 million increase, and that includes increases for pay, population growth and staffing of some of the new clinics, and it is allowing us to continue to provide basic preventive care services and basic restorative and emergency care, and we really feel that this is an important priority, especially for our children, and that is why we have our Early Childhood Caries Initiative to try to reduce the rates of childhood caries.

You know, I think based on a lot of encouragement, especially from you, we know we need to get more dental providers into the Indian Health Service and more dentists because we do need to have more health care providers. We have worked very hard on that. We have created a recruitment website. We have our recruiters working very hard on it. We have had materials developed. We

have a dental externship program that brings dental students in to work with us, and then we have had an increased focus with our loan repayment program and with our bonuses, and so we have actually seen a reduction in our vacancy rate for dentists from 35 percent to 17 percent, which is great but we still have more work to do. So we are going to keep working on improving dental services for American Indian and Alaska Native patients in the Indian Health Service.

Mr. Simpson. But we have seen about a 50 percent reduction in the vacancy rate?

Dr. ROUBIDEAUX. Yes.

Mr. SIMPSON. That is good work, and we appreciate that very

ELECTRONIC DENTAL RECORDS

In 2009, the committee directed IHS to use a portion of its HIT funds for electronic dental records. How far along are you in installing the EDR at all IHS dental facilities and are the tribes' facilities also on the same EDR, and is additional funding needed to complete this project, and if so, how much and how many years will

it take at a current funding level?

Dr. ROUBIDEAUX. Well, the electronic dental records system is extremely important so we can track our clinical and administrative data related to dental care. Fortunately, with ARRA funding and with our own funds, we have been able to complete its installation in 60 sites, and 21 are currently in progress. There are still 149 left to go, and we would need a significant appropriation to get those complete in a short period of time but we are very committed to it. We are installing those in both IHS and tribal sites, and it will help us improve and track the quality of care.

Mr. SIMPSON. Any idea how long it will take under current levels

to get the other 149 sites online?

Dr. ROUBIDEAUX. Under current levels, I can give you an exact number through a written response, but I believe it is going to take several years under current levels.

EARLY CHILDHOOD CARIES INITIATIVE

Mr. SIMPSON. Okay. Lastly, last year IHS announced the new initiative for reducing prevalence of early childhood tooth decay among young American Indians and Native Alaskans by 25 percent and increasing their dental access by 50 percent. Could you give us an update on the progress of that initiative? Last year we asked what funding level would be needed in the IHS to make having all children entering school to be free of tooth decay. Have you been able to determine what amount would be and will any of the additional \$18 million you are requesting for the dental program go to address this serious disease?

Dr. ROUBIDEAUX. Well, we will definitely put resources towards the Early Childhood Caries Initiative because we think it is so important. It has an important goal of reducing caries and increasing access to dental care for children zero to five years old and getting more fluoride, more varnish and more sealants. We are currently evaluating this initiative and would be happy to provide you information as the details are available. I believe we have looked at

what sort of resources we would need to equal the private sector in terms of access, and I believe it is an increase of 600 percent in the amount of funding that we would need to equal the private sector overall for dental care, but we are really committed to doing the Early Childhood Caries Initiative because it is innovative, it is unique. It is a partnership with our communities and some of our community providers and CHRs and so we are very committed to it.

Mr. SIMPSON. Well, I appreciate that, and I would encourage you as you move on in this to work with the American Dental Association and other associations that have some good ideas on how to address this serious problem in Indian Country. A lot of people do not think of dental caries as a serious disease. It is the most prevent disease in America, and what we do not understand sometimes with children, it is hard to go to school and learn when your tooth hurts. It is way too close to the brain to ignore, and so it is hard to learn when you have got those problems, and more children miss school time because of dental disease than almost any other disease, I think than any other disease. So it is not just an issue that I am concerned about because I was a dentist in the real world, it is an issue that is real and one that I know you are working on and we want to work with you to make sure we address it.

Thank you for being here today. I apologize for having to leave early but I know we have had conversations in the past and we will continue to have them as work on this budget, and thanks for the

work you do.

Dr. ROUBIDEAUX. Thank you very much for your support.

Mr. SIMPSON. You bet.

Mr. COLE. Mr. Chairman, I want you to feel free to leave whenever you like as often as you like.

Mr. Moran.

Mr. Moran. As Mike is leaving, it should be underscored what a terrific job he has done on BIA and on the Indian Health Service, and that kind of insight into what dental caries mean in the life of a child is important. You are a good guy, Mr. Simpson. You really are. Thank you, Mr. Chairman.

INDIAN HEALTH CARE REAUTHORIZATION ACT

One of the enhancements contained in the reauthorization of the Indian Health Care Improvement Act is the ability of the IHS to enter into agreements with the Department of Veterans Affairs and the Department of Defense to share medical facilities. Those are resources that we really need to take advantage of. Have you entered into any of those such agreements, and what are your plans for that part of the program that was within the Indian Health Care Reauthorization Act?

Dr. ROUBIDEAUX. We have had a few examples of entering into the sharing agreements. We are really grateful for the passage of the Indian Health Care Improvement Act that will help us do that on a larger scale. We have begun discussions with the Veterans Administration. I met with Secretary Shinseki last May, and I was really pleased to see how supportive he is of American Indian and Alaska Native veterans and so we signed an updated memorandum of agreement this past October, which is going to direct our staff

to work together to better coordinate services for eligible veterans and included in that will be a review of how we can better share the services and the facilities as is contained in the Indian Health Care Improvement Act.

Mr. MORAN. I bet there are a lot of Native Americans who are

veterans, are there not?

Dr. ROUBIDEAUX. Absolutely. I meet Native American veterans all the time when I am out on the road. My father was a World War II veteran and I am very proud of his service, and I am really excited that we have a VA Secretary who is so committed to working on Native American veteran issues, so it is a big priority for me personally.

SANITATION

Mr. Moran. Good. Excellent. In IHS's own data, it shows that about one of eight, 12 percent of American Indian and Alaska Native homes, do not have safe water or basic sanitation facilities. The budget increases funding for facilities construction and maintenance, as you mentioned, but it cuts funding for water, sewage and solid waste disposal facilities construction by \$20 million. Safe drinking water and open dumps are major problems in Indian Country. Can you tell us what we are doing about that, which I

trust is a priority of yours?

Dr. Roubideaux. Absolutely. Well, I hear from tribes all the time the problems of water and waste disposal and how serious that is and how they need to have the sanitation facilities construction and there is an overall enormous need. We were very fortunate in the last couple of years to get funding through the Recovery Act, \$68 million for the Indian Health Service and another \$90 million from the EPA, and so many of those projects are still underway and still in progress. So when we looked at the budget for 2012, we have all been asked to find areas where we might be able to have some savings related to the budget and so this was an area where we felt some savings would be less painful because we already have all the projects that are involved and the funding that we do have in the budget for 2012 will fund 18,500 homes to get solid waste disposal and sewer for their homes. So it is a very important priority but we feel that there is so much funding that we got in the last two years that we are still working on those and that is really helping us.

Mr. MORAN. But you would agree that open dumps are a serious problem in Indian Country?

Dr. ROUBIDEAUX. Absolutely.

Mr. MORAN. This is the last question I want to ask, and I am glad Ms. McCollum is here. I am going to have to run off to the defense hearing as well.

DOMESTIC VIOLENCE PREVENTION INITIATIVE

Over the years, we have made it a priority to fund domestic violence and sexual assault programs in Native American communities. It obviously is criminal but it is really a horrible endemic problem within many communities, and so we upped that amount consistently. Can you give us a report on what we achieved with those additional funds?

Dr. ROUBIDEAUX. Yes. Well, I really want to thank you and the subcommittee for their support of this issue. We are really grateful for the \$10 million a year that we have for the Domestic Violence Prevention Initiative. We have actually awarded 65 projects as of last August, and they are implementing domestic violence prevention programs in communities. They are coordinating services in the community response to this terrible problem. We are also expanding our services for sexual assault in terms of the SANE, SAFE and SART at some of our 24/7 sites. We have also been able to update our national sexual assault policy and just recently signed that, and we have been working on curriculums and working on improving how the Indian Health Service addresses this very serious problem, and I can say that the programs are in progress. They are doing well. We are providing technical assistance and evaluating them so as soon as we have evaluation results, we will be happy to share those.

Mr. MORAN. Thank you, Dr. Roubideaux, and thank you, Chair-

man Cole. Thanks very much.

Mr. Cole. Before I ask you a couple questions, I just want to get something sort of in for the record, and first of all, I want to thank Mr. Moran for his absolutely extraordinary leadership last year when he was chairman and his continuing commitment on this. He has just been terrific to work with on these issues, and if you are from Oklahoma, you sort of have to be for Indians. You would be pretty stupid not to be. But he does not represent a large Native population and yet his commitment has been every bit as great as anybody's in Congress, so I appreciate it very much.

Mr. Moran. Not as great as yours.

Mr. Cole. You are kind to say that, but that is not true and I

appreciate it, Chairman.

The second point I do want to make quickly for the record, I know there is some concern in Indian Country about what will happen if the Affordable Care Act is actually repealed, and the current Majority's position was that should have never been in the bill in the first place. It would have passed separately. It had already passed the Senate. We actually tried to get it passed in 2008. The House for whatever reason did not take it up. We should have passed it then. And then it got put in the health care bill where it put it, in my opinion, personally, at risk because standing individually it would have passed overwhelmingly. It had great bipartisan support.

I have introduced legislation that actually is the Indian Health Care Reauthorization bill so in the event were ever to happen, and it is not going to happen obviously any time soon that this legislation were repealed, there will be another vehicle to immediately move through the process so that we do not miss a beat in terms of Indian health care. We do think that is a treaty obligation, as you mentioned, and again, this committee in a bipartisan sense is very much committed to fulfilling that. So for what it is worth, I do not think at least Indian health care is at much at risk as others might think.

JOINT VENTURES

Let me ask you some questions on one of my favorite topics, and you are very familiar with it, and that is the Joint Venture process, which my own tribe has certainly benefited from enormously. How has IHS planned the outyear budgets for Joint Ventures as new facilities continue to come online? I think you will see more and more of these, and the upside obviously is you are bringing new money into the system that is being directed toward health care, but I know it has got to create some unique challenges for you in terms

of budgeting.

Dr. ROUBIDEAUX. Well, we are very supportive of the Joint Venture construction program, and the reason is, is it is a great way for us to make progress in the enormous need for health care facilities construction, and I am grateful for your support as well. I know we have some great projects that have happened in Oklahoma. And the deal with Joint Venture is that the tribe agrees to build the facility and then we agree to request the appropriations from Congress for the staffing of the facilities, and we are very supportive of all the projects that we have approved and all of the projects that are in progress. What we do every year in the budget formulation process is we look at all the projects and we look at their anticipated start dates and how they are doing on progress, and some projects they go faster than we think and some projects go much slower than we think, and so we do have to juggle sometimes. But it does require us to have a consistent commitment over time in the budget for staffing so that we can be able to respond when the facilities are open, when they are ready to open.

And so what we have done is for the fiscal year 2012 budget, we have proposed \$71.5 million increase that will cover six new health centers that we anticipate will be completed in this time period, and also we have a placeholder for two Joint Venture projects so that if some of those projects fall into the time period of the 2012 budget and they are ready to go, that we would have funding available for that. It is dependent on appropriations but I do think that there is bipartisan support for the Joint Venture construction project. I have heard a lot of people say it is important. The tribes really think this is important, and we are very committed to keep working with the tribes and keep offering opportunities for the Joint Venture program but also to be mindful of the available dollars. We do not want to promise too much. We do not want to have too many waiting in line. But I do feel that the request that we

have for 2012 will help us continue to make progress.

Mr. Cole. So you are pretty comfortable that we will not find ourselves in a situation where facilities have been constructed and you do not have the wherewithal frankly to actually meet your end

of the deal in terms of staffing?

Dr. ROUBIDEAUX. Well, we hope not. If for some reason we do not get staffing money or we get a reduced amount, that does cause some alarm and we are going to have to really work closely with the tribes on the timing, but I am hopeful that we will be able to handle that.

Mr. Cole. I really appreciate your efforts in this regard, and would ask that you just keep us very closely apprised of your needs

because I do not think any of us want to see facilities built that then we cannot follow through from a federal side with the commitments that we have made, because this is a great way to leverage monev.

URBAN PROGRAM

I have got of course many questions but one other thing I want to ask before I yield to my colleague from Minnesota. I am also interested in your view and your plans in terms of Indian clinics that are not particularly affiliated with tribes. We have one in Oklahoma City, one in Tulsa. They serve all Native Americans, and the one in Oklahoma City actually sits outside of Indian Country theoretically because it sits in lands that were historically not assigned to any tribes but it carries an enormous patient load and really it offers first-class care, and frankly provides opportunities for Native Americans that are away from their tribes, to get good health care, which they still have a right to do. So if you could, tell us about clinics that may be located outside of Indian Country but serving Indians. What is the role that the IHS plays there and what do you see in the future? Again, we have got a lot of Indians in cities or places away from their tribal lands and they sometimes have a

very difficult time getting access to good health care.
Dr. ROUBIDEAUX. Well, you are absolutely right. I mean, the original Indian Health Service was developed to serve primarily reservation and rural communities but over the years due to a number of factors—Indian people wanting to seek education or wanting to seek employment or better opportunities—have moved to urban areas and so if you ask the tribes, they will say the treaties apply wherever you are and so we do have a commitment to try to serve the urban Indians in major metropolitan areas, and we have an Urban Indian Health program that has 34 sites around the country. The Oklahoma City and the Tulsa sites are very successful and they provide great services. I toured the Oklahoma City site and was very impressed with it, and they actually are very unique because the passage of the Indian Health Care Improvement Act has given them a new status also to be a service unit within the Indian Health Service so they sort of have a dual status, and I understand the tribes are consulting on what that is going to mean in terms of resources and relationships in that area, but I think it is a great opportunity for those two sites which are doing such a great job, but the Indian Health Service is committed to doing what it can to serve the health care needs of American Indians and Alaska Natives wherever they are.

Mr. Cole. Thank you, Director.

Ms. McCollum.

Ms. McCollum. Thank you. One followup on the discussion of repealing the health care act, and Representative Cole and I disagree on parts of the main part of it, probably agree on some of it, but we stand, I believe, united in what was passed for Indian Country.

So I will make a comment, Mr. Cole. I will not pretend to know how all the rules are written because this is very different than a state legislature where the rules stay consistent from body to body, and that to me is what regular order is all about. Everybody knows what the rules are going to be every single time whether it is a majority or minority switches. But because it is an independent act, because it is a third act, I keep trying to ask my colleagues on the other side of the aisle who want to repeal the first two acts, leave the third act in place, and so I think we are trying to accomplish the same goal. I do not want to see the first two parts repealed but I do believe that unless there is some parliamentary reason why we cannot separate the two, why we cannot push for those who want to do the repeal and replace on the first two sections just to focus on that and to leave standing the IHCIA permanent reauthorization. But thank you for having a plan B because that is important.

Maybe you could comment. Would it be as seamless as some of us would hope if the whole act was replaced and another act had to go through and happen? I mean, I think that there is a possibility that there would be a glitch. If you have any legal opinion

on that, I would be happy to hear that at the end of this.

I want to go back on two points just to kind of dig in a little more. I have been asking this of the schools, and I did come in here just a tad late so maybe this has already been asked. Have you had an opportunity yet to ask for a full facilities backlog? If you could provide to this committee a full facilities backlog? If you could also provide to this committee all the different ways in which you are interrelated to CDC, NIH, National Science Foundation doing research, all the other agencies that you work with. Because when I go into a health care facility and I start asking who has responsibility for this, the tribal leaders and the tribal elders, I mean, their eyes are huge and their hair is standing on end because the frustration of dealing with the Bureau, dealing with CDC. I mean, the list goes on and on and on. And so it is very easy when there is a problem for the finger pointing to start happening, not because anybody does not want to do their job, it is just because it is not clear which happens first or who has full responsibility. So the chairman, I think, is very interested in trying to figure out how we as appropriators work with even our colleagues in the full Appropriations committee.

I was in a health care facility in New Mexico. I have been in some where I have watched the community come together with the Bureau and do fantastic and amazing things in facilities that were only designed to handle one-quarter of the population that they are seeing. I have also been in a facility in New Mexico in which I wanted to tell the people there to get up and leave. It was filthy. I was underwhelmed with the director. It is not a place I would send anyone even for triage, not even to get there to get assessed to see where they should go next. It was embarrassing, and I left

there and it still haunts me.

Another facility I was in in New Mexico does not do delivery service, and I can understand that maybe there is not enough women coming through the facility to have the obstetrics and gynecology that it really needs, but it is asking women in the rural communities to come in as far as the Albuquerque area and then drive another 30 minutes into Albuquerque because they do not do deliveries there. I understand why they do not do deliveries there after talking to some of the Native American women who were there but

they can still kind of go there for some of their regular checks but then they are handed off to a different doctor, a whole different de-

livery system.

So I would be interested to know if you have a plan that you are putting together in rural communities to look at the following. Some of the hospitals should not be functioning as hospitals anymore. This is my opinion. They should be functioning as A number one five-star clinics, and if we are honest about that and talk to the community about what we can provide and provide what is top

notch, I think everybody wins with better care.

Secondly, I would be interested in knowing how in the major part of the health care bill, which I really think has some great, great things in it, how you go about providing that seamless care when you do have someone go to a hospital, when you do have someone who has been maybe seeing a nurse practitioner or a physician assistant for their early term of their delivery and then the delivery gets handed off. Do we have people who are licensed to practice in both places so that people can meet who is going to be doing the delivery later on? When does the handoff happen? I am a mom who had an intern deliver my second child. I know things do not go as planned, okay? I know that that might not be the same doctor but still having that ability having been in the facility, go through the facility and meet people ahead of time reduces anxiety. And so I just want you to big-picture talk about health care. As you can tell, this is more broad than it is specific.

The other question that I have is, and Mr. Healy was telling me but I think he knew I already knew this. You know, 57 percent of health care for Native Americans is delivered in urban settings, and my district and Keith Ellison's districts are probably the example of it. You know how they have the all-tribal call at the powwows? That is our area. So we have people who summer, who go back and forth, have elders visiting, whatever, that is going on, and that has been a huge challenge keeping that health care seamless too, especially for diabetes care. So some of the things that are in the Affordable Care Act that I really am excited about, look at the holistic approach—medical records, just how you work together as

a team.

And then my final question is, as people want to stay in their homes and as we see younger generations not wanting to stay on the reservations as much and some reservations have been very mindful of that and have created opportunities for their youth to stay there, how do we keep from having an elderly population that is vulnerable and is isolated when it comes to having a whole team approach for their health care?

I am not asking another question and I am not expecting to solve things but I just wanted you to know, I know that one thing pushes over into another, so how are you with the best of your abilities trying to manage that interagency, urban-suburban, hospitals that should not be functioning as hospitals? How do we help you?

should not be functioning as hospitals? How do we help you?

Dr. ROUBIDEAUX. Well, thank you for your comments and thank you so much for your concern. I am really grateful when I find Members of Congress who are really interested about Indian issues. You know, when I was confirmed as the Director of the Indian Health Service about a year and a half ago, it seems like the

challenges are daunting and enormous and how can we possibly address the need, but what I found is, there is a lot of energy and enthusiasm about ways that we could improve the system, and my priorities are all around reforming the Indian Health Service, looking at how we can change and improve in both systems ways and big-picture ways and in small ways.

IMPROVING PATIENT CARE INITIATIVE

I appreciate your enthusiasm about the part of the Affordable Care Act that talks about coordination of care. We actually for the last couple of years have had what is called an Improving Patient Care Initiative, which is our patient-centered medical home initiative, and we have so far been able to expand that to 68 sites in the Indian Health Service and in tribal programs and some urban programs, and we just had the launch of the third cohort of this initiative, and the level of enthusiasm in the room was unbelievable. People are so excited and coming up with innovative ways to really take a look at, okay, how do we function as a team, not just, you know, running around not coordinating our care, how do we make sure that we put the patient first at the center of care and what do we need to do to improve the quality and to use quality improvement tools to make sure we are improving care. And many of the sites are choosing different topics to focus on, and I will go back to my staff and see if any focused on prenatal and obstetric care as a part of their Improving Patient Care Initiatives and then we can send that to you in a followup question.

Ms. McCollum. The infant mortality rate on some reservations is worse than in other places in the world.

Dr. ROUBIDEAUX. Absolutely, and we are working very hard to address that issue, and I am hopeful that some of these improve-

ments can help us improve the quality of care.

The other thing that I want to mention briefly, we will give you more information in our followup responses, is that there is a provision in the Indian Health Care Improvement Act that gives the director of the IHS increased authority to look at how American Indian and Alaska Native health care is addressed throughout the Department of Health and Human Services and so I have actually been doing a lot of work meeting with other agency heads, attending meetings and making sure everybody is aware of what the issues are in tribal communities and what the issues are in Indian health facilities, and we have started to work on some collaborative efforts throughout the different agencies. One really promising one is the big need we have for health care providers, and HRSA, the Health Resources and Services Administration, I have met with them and we have talked about how we can get more of our sites eligible for and able to receive some of the National Health Service Corps health care providers—doctors, dentists and behavioral health providers—into our Indian Health sites to address some of our vacancy rates. One of the ways to improve quality is access to care.

And so it is those kinds of collaborations that we are working on to try to leverage resources from other agencies to make sure that we are maximizing all of the resources we can bring to the table to improve care for American Indians and Alaska Natives and so we would be happy to follow up many of the points that you have made in answers, in written answers after the hearing.

SMALL GRANTS PROGRAM

Mr. Cole. Director, let me move to several other areas, if I may. IHS works very closely I know with the Tribal Advisory Board in preparing your budget request. It is my understanding that there was roughly \$6 million in the small grants program that was zeroed out without consultation of the Tribal Advisory Board, so two questions. One, is there any particular reason why that consultation did not take place? Perhaps I am misinformed and I would be happy to be corrected if I am. And second, where in your budget are you going to address the needs that in the past we were deal-

ing with in the small grants program?

Dr. ROUBIDEAUX. Well, thank you for that question. We have all been asked to find ways to save in the budget and help contribute to the challenges we have today with the federal deficit and the budget and so even though we are grateful for an increase of 14 percent, we still need to be good stewards of our federal resources. And so one of the areas where we are proposing savings is in grant savings, and we have a number of small grant programs that fund one to nine or 11 grantees that are proposed for elimination, and the reason we did this was actually based on tribal consultation. I know that there is word on the street that we did not consult with tribes but the fundamental basis for this is that tribes have told us that they want the funding to go directly to their health programs. They do not like to compete for competitive grants if they do not have to. They would much rather see the funding benefit a greater number of tribes and so as we looked at the budget, we wanted to save our clinical services and to protect the basic health care services that we have, and while we know these are extremely important topics that are covered in these grant programs, as we look around the budget it seems like the impact would be a little bit less because only a few sites are actually proposed.

So what I have been doing since the budget justification has been public is, I have been meeting with tribes in various venues and discussing these proposed savings and I have been asking for their input on that. We are evaluating these programs for those savings and are definitely committed to partnering and consulting with tribes. So this was a way that we can maybe have some resources benefit more tribes and address the concerns they have about some

CONTRACT HEALTH SERVICES

of the competitive mechanisms that are in place.

Mr. Cole. Okay. You mentioned in your testimony the increase which we all really appreciate, frankly, on Contract Health Services. How close is that going to get us to 100 percent? You know, how much progress do you think we will be able to make with the additional funds that you have? This is always difficult because it is a moving target to ever get in balance but looking forward as far as you can. I understand the budget is a very difficult process. What sort of long-term goals do you have in terms of being able to sort of cover as much as possible, if not all, of Contract Services?

Dr. ROUBIDEAUX. Well, yes, the Contract Health Services program is a top tribal budget priority because it is used to pay for referral services that we cannot meet in the facilities that we have, and that is the challenge of the Indian Health system is that some communities have large hospitals, some communities have small clinics, and each provides a different package of services and so whatever services we need to provide that cannot be provided in that facility we have to use this Contract Health Services fund. I am really grateful for the increase that has been proposed. It is \$169 million increase, and that is going to help us purchase an additional 5,700 inpatient admissions, 218,000 outpatient visits and 8,000 one-way patient travel trips, and while it is great progress and we are really grateful for this, there is an incredible need for Contract Health Services to pay for referrals in the private sector, and we have been able to estimate that the total unmet need for Contract Health Services, at least on the federal side, is about \$859 million, and that is just the information we have on the federal side. There are also the tribally managed programs as well, so the need may be greater.

But we have made great progress. Last year in the 2010 budget, we got \$100 million increase, and for 2012, now we are proposing the \$89 million increase plus current services, which is a total of \$169 million. So it does not totally meet the need because the need is so great, but it is a sustained commitment to try to continue to make progress and in this very important area. I had an 80-year-old woman speak to me at a listening session recently and she told the story of, you know, people need these referrals. These are medically necessary referrals and we are limited on the historic underfunding of the Contract Health Services program but we are really grateful that the increases we are getting now are helping us start to address that need for these referrals to the private sector.

Mr. COLE. I have got several more but I want to go back and forth so my colleague from Minnesota has an opportunity to ask her questions as well.

HEAD START

Ms. McCollum. A question I asked the Assistant Secretary yesterday, and it goes again to the web analogy, was about Head Start. The Bureau provides the frame, skeleton in which all the activities take place. Part of Head Start is that it does screening for children for eyes, hearing and that. How does that work or what is your interface with providing some of the screenings for Head Start, which also includes dental? Because if kids cannot hear, if they cannot see, if they are in a lot of pain with dental problems, they do not do well in school so part of Head Start is not only getting them ready with some of the tools that they need, helping mom and dad reinforce what they need to do for reading at home but also making sure that they have a healthy start when they start out with Head Start. So what is your interaction and collaboration with the Head Start program?

Dr. ROUBIDEAUX. Well, I do know that there are examples of how Indian Health Service health care providers or nurses or community health representatives may interact with Head Start programs, which are funded by the ACF, Administration for Children

and Families, within the Department of Health and Human Services. I do know that some of our prevention programs also reach out to Head Start to do some education and so I would be happy to—and the ways that they reach out are very different in different places so I would be happy to—provide some written followup to your questions so we could see the range of those kinds of collaborations.

Ms. McCollum. That would be great. Mr. Chair, I talk about Head Start a lot because everybody talks about doing pre-K, and not that Head Start is the most perfect program and it is different because the community organizations can structure a little differently, and I think we need more uniformity for best practices for Head Start, but it is the only pre-K program in which we have a longitudinal study done on it and it was done by the Federal Reserve, so that is kind of an impassive group when you think about looking at kids and really kind of doing the cost-effectiveness of it if you just want to look at the dollars. But Head Start is complicated in community organizations. Even back home in our traditional Congressional districts, I see the dollars that the tribes are putting in to make sure that they have the good facilities, that they have the language instructors and everything else. I mean, yes, I am glad that tribes are doing that but there is also a responsibility, a treaty responsibility for us collectively as the United States to be doing our fair share. So I do not want Head Start programs start to becoming the haves and the have nots either because I think that will hurt the program later on and that means kids do not get good delivery of service.

Could you maybe talk about dental a little bit? Because the elders get excited when there is a dental clinic. I will tell you, to use a term, the smiles light up when you hear there is a dental clinic.

Mr. Cole. If I may interrupt, as we heard earlier, Mr. Simpson gets excited too, so we will talk about as much in dentistry as you want to talk about, Director.

Dr. ROUBIDEAUX. Yes. Well, thank you very much. I am actually a beneficiary of the IHS dental services, and I think they did a pretty great job on my dental care. We recognize there is a huge need for dental services in all ages in the Indian Health Service and particularly for the young and the elders. We talked about how the budget is used in the Indian Health Service for preventive care and restorative care and emergency care, and we have a couple of initiatives, the Early Childhood Caries Initiative, which is looking at reducing childhood caries in age zero through five, and it is sort of a collaboration between the Indian Health Service and the local community resources, and that reaches out, I believe to Head Start as well. And so that is a program that we are very proud of. We are evaluating it and we are hopeful that we will be able to achieve our goals in that very important program.

We are working on implementing our electronic dental record to make sure that we can evaluate the work that we are doing and trying to expand services in dental services with the budget. Whenever we construct a new health facility, that helps bring in more services and more providers. We are also doing a lot more to recruit dental providers into our communities and actually have been able to reduce the vacancy rate from 35 percent to 17 percent

through a very targeted and focused effort over the last couple of years and I think based on the interests of this committee in encouraging us to do that and through a number of different activities that I have mentioned.

So it is a big priority for us. I completely understand as a physician how dental health can influence the health of the entire body and can be both a physical, mental and social issue and we are committed to working on it.

IHCIA FACILITIES PROVISION

Mr. Cole. Director, I want to give you an opportunity to expand on something that you mentioned in your testimony, because I am not sure I fully understand it, and I may have gotten the phrase wrong but I think it was your innovative facilities initiative. Tell me a little bit about that, what it entails and what you are planning.

Dr. Roubideaux. Well, there is a provision in the Indian Health Care Improvement Act that talks about demonstration projections for innovative health facilities construction, and it lists a couple types of things such as modular facilities or potentially specialty centers and those sorts of things that we do not normally have as a part of our current health facilities construction program. And so we know that health facilities are a top tribal priority and looking for innovative ways to construct any kind of health facilities is beneficial to the great need that we have for health facilities construction. So based on tribal input, we placed a \$1 million request in the 2012 budget for a demonstration project related to innovative health facilities construction, so that would be further defined if we are able to have the funds appropriated and implemented.

DIABETES

Mr. COLE. Okay. Can you tell me, there is probably no disease that afflicts Native Americans disproportionately as much as diabetes. What are your plans there and how well equipped are you to deal with that right now?

Dr. Roubideaux. Right. Well, American Indians, Alaska Natives, we are on the front end of the epidemic of diabetes in the United States. We have had high rates of diabetes since the 1970s, and Indian Health Service has a diabetes program and a network of diabetes programs to address this serious and challenging problem. We were really fortunate in the 1997 Balanced Budget Act to get a Congressional appropriation for the Special Diabetes Program for Indians, and that program has done an incredible job in terms of implementing diabetes prevention and treatment services in around 400 communities, IHS tribal and Urban Indian Health programs. We are really grateful that Congress passed extension of the Special Diabetes Program for Indians for two more years through 2013, and we are consulting with tribes right now on what to do with this additional two years.

But we also have in addition to the community-based programs in the Special Diabetes Program for Indians, we have a demonstration project that occurred over five years to look at prevention of diabetes in people at risk and prevention of cardiovascular disease in individuals with diabetes, and that five-year demonstration pro-

jection has exceeded all expectations. It is incredibly successful. The diabetes prevention program piece was able to achieve through community-based programs that provide basic education on nutrition and physical activity the same amount of weight loss as the original NIH-funded research project, and that is incredible because translational efforts that translate research into real-world communities usually only achieve half or less of the results of the original study because they are less controlled. But I think the enormous creativity and energy and spirit of these community-based programs, they were able to achieve the same level of weight loss, which means that they could reduce the incidence of diabetes by 58 percent. And in the Healthy Heart Initiative, they were able to show in their evaluation that they were able to reduce the risk factors of cardiovascular disease, which is a growing problem in Indian communities as well.

The great thing about the Special Diabetes Program for Indians projects, I loved working with them in my previous job, is to just see these communities come up with really innovative ways to teach about diabetes and to prevent it and to treat it and incorporating culture and traditions in some of the education has really made a difference. So I am very proud of the Special Diabetes Program for Indians. I am grateful it is extended for two more years and I think our tribes were cheering when they heard that news, and we are really looking forward to continuing to evaluate our efforts over the years to make sure that we are having the full impact.

CHILDHOOD OBESITY

Mr. Cole. Another area where obviously there are disproportionate problems and where the First Lady to her credit has just done great things obviously is childhood obesity, and I would like to know whether or not you partner actively with the First Lady's efforts and what are the programs that you have underway there. Getting kids off to a good start makes all the difference down the line.

Dr. ROUBIDEAUX. Absolutely. We are partnering with the First Lady's initiative and we are really excited about that because it is so important to help teach children healthy habits when they are young and to reduce the rate of childhood overweight and obesity. In our fiscal year 2012 budget request, we do have a request for chronic diseases, and a part of that is to do a demonstration project on reducing risk factors such as childhood obesity, and the purpose of that would be early identification and referral of young children with overweight or obesity. And so we are going to be doing more screening in clinical settings, educating the doctors and the nurses about how to screen for overweight and obesity, how to counsel both the child and the family and how to refer them to get the treatment that they need to address that risk factor.

We also have a Healthy Weight for Life strategy that we are unveiling in our communities soon, which is to help provide guidelines for both community members and for health care providers about what we can do as a community, and that is the thing about obesity, it is a condition that is heavily influenced by the environment within which the individual lives, and, you know, the United States

with the environment of fast food and sitting at a desk every day and not moving as much, we are ending up having rising rates of obesity in the entire United States. I think we have some good examples in Indian communities where tribes have stepped forward to try to help with these issues. One of the things I love about the Chickasaw Nation's new hospital is that not only do they have a dedicated diabetes clinic and also a pediatric clinic but they have incorporated traditional things around the hospital to promote health so there is a walking trail around the hospital so that while patients are there they can go walk and get some exercise. Even the staff could go walk. And there is also traditional garden that they have outside of the hospital with some traditional plants, and it helps get back to the point that we did not have diabetes 100 years ago, we did not have obesity 100 years ago because we were moving more and we were eating healthier, and if we can—one of the best ways to help teach our patients about how to prevent obesity or diabetes is to recall our history and our traditions, and people really resonate with that kind of education because we all respect where we came from and we know we were a healthier people, and it shows that it is possible that we can be healthy again.

Mr. Cole. I have one last question, which is going to be sort of a sum-up question but I want to see if my colleague has anything

she would like to ask.

Ms. McCollum. Thank you, Mr. Chair.

When you talk about the integrated facilities, I was in a facility about four or five months ago where they had an auto-fill prescription which freed up this pharmacist, and he was fabulous. He was from the community, went to school, came back. He was just an anchor and a role model for the kids. Having the auto-fill freed him up to have more interaction. Would that be considered part of the facility? When you are talking about facilities, sometimes it can mean some of the equipment if it is attached to the wall. Sometimes it can mean large pieces of equipment that are brought in as part of it. So if you do not have the answer for that right now, I would be curious to know because freeing up a pharmacist's time to explain, to motivate, to help, to comfort can be really, really important.

Dr. Roubideaux. Absolutely. I am glad you have seen one of our great pharmacies in the system that has been able to purchase one of these systems to help them with the work flow. You are right, they can spend more time counseling, and that is what is unique about Indian Health pharmacists is that they do more patient counseling and more treatment than they would in the private sector. When we build a health facility, those things can be included.

But I do also think that some of our health facilities are looking at their budgets, they are looking at their collections and they are trying to find ways to implement those kinds of things in the pharmacy and so we can provide a followup report about how extensively we have done that so far.

Ms. McCollum. And I had an evil earmark in the health bill that did not move forward, and it was a community-based request from the Mille Lacs Band because they are really struggling with diabetes, but part of what they are struggling with, and I know that you can get inclement weather in other places, is the travel

time for dialysis. Do you have or can you get this committee some of the challenges that—I mean, we want to prevent people from getting diabetes or needing that kind of intervention to begin with, but when we have two or three days where a blizzard, ice storms and that knock out travel, that how does that affect services for communities where you already have people sometimes traveling an hour. In parts of rural Montana, you can be traveling two hours to get to dialysis plus you do the care plus you are driving back. Quite often it is elderly people. Have you worked with anyone to see what is going on out there with dialysis and where we do have to provide it what we can do to make it safe? And I do not mean convenient like, it is almost 20 minutes away, I mean convenient that you are not worried about spending a whole day driving in inclement weather after the state troopers had told you to stay home.

Dr. Roubideaux. Well, yes. Dialysis services are something we wish we did not have to do but it is an unfortunate complication of some of the chronic diseases that we are facing. The Indian Health Service originally did not have the authority to provide dialysis services and so often we would have to refer people to outside facilities to have dialysis done, and you are right, in some rural areas they have to travel long distances to go there. We do have some tribes that have taken the initiative of working with private sector partners and actually building and operating dialysis facilities within their own communities, and that has been a great help for those communities where the patients do not have to travel. Dialysis is a challenge for an individual because they have to have it oftentimes three times a week and it is four hours at a time, and if they have to factor in the travel time, it can take up the entire day.

What we are really excited about is the fact that the Indian Health Care Improvement Act now gives the Indian Health Service the authority for dialysis services, which we did not have before, and so we have heard from tribes that this is a priority and we are looking forward to working with them and seeing what best practices are from the tribes who have run their dialysis centers and also trying to figure out how we as an agency will move forward now that that authority is in place, and as we are planning for requesting appropriations for that kind of a service what the need is in Indian Country, what are the best practices and what the IHS versus the tribal role will be, but it is clear it is important to have these services in the community rather than traveling many miles away. We have heard horror stories of people trying to get through to dialysis in blizzards, as you say, during storms and transportation costs can be very costly for them as well. So we are committed to looking at this new authority and trying to plan in consultation with tribes how we are going to address this in the future now that we have the authority.

Ms. McCollum. Well, thank you for your work and thank you, Mr. Chair, for your generosity.

Mr. Cole. Thank you. Thank you for your interest.

EQUAL EMPLOYMENT OPPORTUNITY

There is one other specific matter that I have been made aware of that I wanted to ask you about before I get to a closing question.

The committee has been made aware of an unusually high number of Equal Employment Opportunity complaints and other workforce grievances in Aberdeen, South Dakota, regional office. Our understanding is you have had an internal review. You have been looking into this. What can you tell us about the situation and where are we at in corrective action?

Dr. ROUBIDEAUX. Well, yes. As you know, the Senate Committee on Indian Affairs had an investigation on the Aberdeen area and looked at various management issues. One of the issues was the high rate of EEO complaints and Equal Employment Opportunity complaints are related to allegation of discrimination, whether it is based on race or age and so on, and this was a big problem in that area, and what we did is, we reviewed how they are handling the EEO complaints in the area and actually at their request we have moved the oversight of the EEO process to headquarters rather than being in the Aberdeen area, and we have actually seen a decrease in the number of EEO complaints.

I also think that there has been dissatisfaction with the EEO complaints because people were filing them when they had grievances about workplace-related matters, and in all of the EEO process it is very rare to find actual proven discrimination based on race or age or gender and so on. So really, usually what the employee has is a grievance and a problem with their supervisor or another coworker and what we are doing is improving our human resources. We are going to be doing more training for all of our employees, not just in the Aberdeen area, to try to help people manage the relationships that they have with their coworkers and their

supervisors in the area.

We have been very aggressive at addressing the recommendations of the Senate Committee on Indian Affairs. It is clear that the findings that they had are completely unacceptable and I am taking a very strong tone with all of our staff that we will address these issues and there will be no excuses. I have put in all of the agency performance plans measures that address all of the issues that were found in the Aberdeen area and in all of our leadership plans, not just in the Aberdeen area. We have also put corrective action plans in place in the Aberdeen area to address many of these issues and we are doing reviews of all of the other IHS areas to make sure the problems found in Aberdeen are not happening in other areas. So we are taking a very aggressive approach. I am grateful that Secretary Sebelius is having her program integrity committee help me with some of the recommendations for the things that we need to put in place.

The problems in the Aberdeen area have been there since I was a child. I remember stories from my relatives saying oh, problems with this and that. So they are longstanding problems and we cannot fix them overnight, but I am really confident that we are putting in some fundamental changes that over time will help us make improvements, not only in Aberdeen but ensure these things are

not happening elsewhere.

Mr. COLE. I appreciate very much your focus, and quite frankly, your transparency on this and your determination just to deal with it directly, so thank you very much for that.

Let me end with this, and it is a kind of a whither Indian health care sort of question that I want you to reflect on. You have done a lot of great things as director and this committee I think in a bipartisan sense certainly is very committed in doing what it can to help you and to work with the Administration. We have a common goal here that transcends partisanship and a common sense of obligation that this is something the Federal Government has neglected for a very long time or underfunded and underresourced for a long time, and we all want to do everything we can to correct those problems and move forward. But despite that commitment and despite your hard work and the hard work of other people at IHS, I think it is worth just for the record for you to remind us how far behind we are, that is just generally what is the health care of Native Americans, their lifespan, their disease rates, whatever numbers you want to use vis-a-vis the rest of the population so the challenges are unique and that is something I think people beyond this committee need to be aware of.

And secondly, in terms of resources, the average American, I am told, gets \$6,900, \$7,000 roughly worth of medical care or resources per capita, if you will. How would that number compare to what is available to Indian Country and to Native Americans in general?

Dr. ROUBIDEAUX. Well, thank you. It is very clear that American Indians and Alaska Natives have an incredible need for health care services in addition to it being a responsibility and a treaty obligations. American Indians and Alaska Natives still suffer from significant health care disparities in a number of areas. Their average life expectancy is lower than the U.S. population and the health disparities are greater in a number of areas. The Indian Health Service has been able to improve that over time, primarily related to providing access and quality health care, but it is clear that there is still much to be done and so we are doing what we can with the improvements we are making in the system and also in our budget request to demonstrate strategies for trying to improve but it is very clear that with the historic underfunding and the health disparities we have a long way to go and it is an enormous challenge but I am confident that we can make progress over the next few years because there is so much support. There is bipartisan support in Congress. There is support from the President and support from the Secretary, and the tribes, also I have been pleased to see how they are willing to partner on some of these efforts because the challenges that the Indian Health Service or any other single entity cannot solve these problems alone. Health is not only a medical and health facility issue but it is also a community issue and that is why I really believe our priority to renew and strengthen our partnership with tribes is going to help us as we look towards improving the health of American Indians and Alaska

Your question about the per capita expenditures on health care for American Indians and Alaska Natives, it is really clear through a lot of the data that we have that these numbers are much lower than the other federal health care systems. For example, if you look at the Indian Health Service, the per capita expenditures on health care are around \$3,300 per user, and that compares to almost \$7,000 per capita for the United States in total, and it is also

much less than Medicare, Medicaid, federal employees' health benefits, the VA, even the prison system, and that is what our tribal leaders just hate to hear is that we are getting less funding per

capita than the prisons and other federal health systems.

But we are committed to trying to address the historic underfunding of the Indian Health Service. We do what we can with the funding that we have, and we do everything we can to maximize the dollars we have and be efficient and effective with the funding that we do have, and we are just grateful to Congress and the President for the 2010 budget, which was a big increase for us, a 13 percent increase, and we are also excited about the President's request for the 2012 budget. A 14 percent increase demonstrates a sustained commitment by all to try to help address some of the needs that we have in Indian communities.

We understand that there is a lot of talk about the deficit and the need to be more responsible with dollars and to work on improving the budget, but I really appreciate how people acknowledge that the Indian Health Service, there are treaty commitments and there are responsibilities that date back many years and so we are doing our part to try to maximize the dollars and improve and reform the Indian Health Service so that it meets the needs of the patients that we serve, and I really appreciate the support of this committee and all of you for your bipartisan support of the Indian Health Service and health care for American Indians and Alaska Natives.

Mr. Cole. Well, Director, we appreciate very much your commitment and your tenacity and your dedication to this over a lifetime, not just over your tenure in this particular position, and also very much appreciate your emphasis on involving tribes not only in consultation but tribes, those that have the means are almost always willing to invest in the health of their own people and creating those opportunities where they can hopefully be prosperous and put money back in a place that we need it and I think will let us stretch the federal dollars a little bit further as well.

Thank you again very much for what you are doing. We look forward to working with you not just this year but over the years, and I think you will find this committee, whoever is sitting in this chair and whichever party is in control, as was demonstrated in the last couple of years, is going to be as supportive as it knows how to be of your efforts. Thank you very much.

And with that, we are adjourned.

Hearing Questions for the Record (QFR) Hearing: Indian Health Service FY 12 Budget Oversight Dr. Yvette Roubideaux Thursday March 31, 9:30am Rayburn B308

Questions for the Record from Acting Chairman Cole

Thank you for your opening testimony. We will be happy to insert it into the record along with any additional information requested by the committee.

Dental Services (+\$18M, to maintain current services)

In 2008, the IHS GPRA Summary Report noted that only 25% of American Indians and Alaska Natives (AI/AN) had access to dental care, and those that do find themselves without the ability to receive many routine procedures, such as root canals. For Indian adults, services are generally limited to emergency care, if at all.

Cole Q1: How does the President's Indian Health Services (IHS) budget recommendation address the dire need for dental services in Indian Country?

Anewer

- The Budget request is \$171 million for Dental Health, which includes an increase of \$18.2 million for Commissioned Officer's pay costs, population growth, inflation, and staffing new facilities.
- These funds will be used to provide preventive and basic care as over 90 percent of dental services
 provided are for basic and emergency care.
- Basic services are prioritized over more complex rehabilitative care such as root canals, crown and bridge, dentures, and surgical extractions.
- The demand for dental treatment remains high due to the high dental caries rate in the Al/AN
 children. A continued emphasis on community oral health promotion/disease prevention is essential
 to long-term improvement of the oral health of Al/AN people.

Cole Q2: What is IHS doing to help Tribal nations attract and retain qualified dental professionals?

Answer: The IHS Division of Oral Health has a comprehensive dental recruitment program that advocates for all IHS Federal, Tribal and Urban (I/T/U) sites with opportunities available consisting of the following:

- The IHS recruitment website (<u>www.dentist.ihs.gov</u>) allows for creation of a profile and submission of
 resume and letter of intent. A recruiter contacts incoming applicants within 1-2 business days to
 address questions and assist with job search.
- The Multi-Program Online Recruitment Enterprise (MORE) system accepts the Online Profile and documents. Associate recruiters (at the Area and Service Unit Level) in the 12 IHS Areas have access to that secure (User Name and Password required for access) data base to identify candidates with an interest in their opportunities. The National Recruitment effort attracts candidates and the Area and Service Unit associate recruiters work closely with the candidates and host the most qualified applicants for site visits.

- Recruitment information including a pamphlet, map of the IHS, and video presentation representing Commissioned Corps, Civil Service, and Tribal Hire opportunities is mailed.
- 41 of the 59 US dental schools participate in the Dental Externship Program. Ascending 4th year students (this summer is the class of 2012) apply and are placed at I/T/U sites (approximately 36 sites total, of which18are Tribal) from April 1-September 30th. This is a dental recruitment multiplier as it creates IHS ambassadors at 41 US dental schools. This is our best recruitment tool. Future plans include linking the externship data base and the IHS Dental Directory to easily identify current I/T/U dentists that entered the employment system as a result of the externship program.
- Recruitment presentations and staff exhibitor fairs at US dental schools, as well as representation at
 exhibitor events at national dental meetings with the American Dental Association (ADA), Hispanic
 Dental Association (HDA), National Dental Association (NDA), and the American Student Dental
 Association (ASDA).
- A dental recruitment list serve was developed in FY 2008 to provide dental recruitment information
 to dental students and practicing dental health care professionals. There are links to register for it at
 www.dentist.ihs.gov and at www.ihs.gov.
- Quarterly Web ex presentations on IHS dental recruitment topics. Requests from many dental schools
 for web ex presentations specifically for their students have increased this year. We gladly comply
 with such requests as this reduces our travel costs.

In 2009 the Committee directed the IHS to use a portion of its HIT funds for the electronic dental record (EDR).

Cole Q3: How far along are you with installing the EDR at all IHS dental facilities?

Answer:

- Collectively, 35% of the original 230 RPMS dental sites identified have implemented, or are in the process of implementing EDR.
- As of March 1, 2011, 26% or 60 IHS dental facilities have fully implemented EDR.
- An additional 21 dental facilities are in the process of implementing EDR.
- Of the original 230 RPMS dental sites, 149 have not begun EDR implementation.
- Total Expenditures (as of Jan 31, 2011) = \$9,271,831

Cole Q4: Are the Tribal facilities also on the same EDR?

Answer: Yes, many Tribal facilities are also implementing the same EDR. Tribal facilities have the option to implement EDR, but are not required to do so.

Cole Q5: Is additional funding needed to complete this project, and, if so, how much?

Answer: No due to other priority activities additional funding for EDR is not required at this time.

Cole Q6: How many years will it take at that funding level?

Answer: Assuming all 149 remaining sites meet EDR readiness requirements, it would take approximately 2-3 years to complete implementation in the original 230 RPMS dental sites.

Last year, the IHS announced a new initiative for reducing the prevalence of early childhood tooth decay among young American Indian and Alaska Native children by 25 percent and increasing their dental access by 50 percent by 2015.

Cole Q7: Could you give us an update on the progress of that initiative?

Answer

- After developing resource materials to support the IHS Early Childhood Caries Collaborative, resource materials were sent out to 322 IHS dental programs throughout the country.
- To embrace the collaborative aspect of the program, over 25 presentations were given to prospective
 medical and community partners such as the Women's, Infant, and Children Program, Community
 Health Representatives, Public Health Nurses, Head Start staff, and medical providers. Each of these
 collaborative partners will be critical to the long-term success of this program.
- For the first time in over a decade, the IHS conducted an oral health surveillance program called the
 Basic Screening Survey. This survey was critical to establishing baseline disease prevalence rates for
 0-5 year-old American Indian and Alaska Native Children. 71 sites across the country participated in
 this survey, and a total of 8,261 Al/AN 0-5 year-old children were screened. The survey report has
 been completed and is currently undergoing final review.
- One objective of the IHS ECC Collaborative is to increase access to dental care for 0-5 year-old
 AI/AN children. In Fiscal Year 2010, the program was fully implemented around the middle of the
 fiscal year, and as a result we have not yet seen an increase in dental access. In fact, dental access for
 0-5 year-old AI/AN children decreased by 9.3% from FY 2009 to FY 2010. However, with increased
 collaborations with medical and community partners, we are confident that access to care rates will
 increase in the coming year.
- Another objective of the IHS ECC Collaborative is to increase the number of 0-5 year-old children
 who receive a fluoride varnish application, an important anti-decay medicine. Compared to FY 2009,
 the number of 0-2 year-old Al/AN children receiving fluoride varnish decreased by 4.7% but the
 number of 3-5 year-old Al/AN children receiving fluoride varnish increased by 1.5%, most likely due
 to the increased support of non-dental partners. In addition, the total number of fluoride varnish
 applications increased by 2.4% from FY 2009 to FY 2010 in 0-5 year-old Al/AN children.
- Another objective of the IHS ECC Collaborative is to increase the number of dental sealants in 0-5 year-old AI/AN children, another prevention regimen with proven efficacy. From FY 2009 to FY 2010, the number of dental sealants provided to 0-5 year-old children increased by 7.2%, and in 3-5 year-olds, there was an increase of 8.7%.
- The final objective used to measure the annual progress of the IHS ECC Collaborative is to increase the number of interim therapeutic restorations (or ITRs) in 0-5 year-old AI/AN children. ITRs are fillings that help stop tooth decay and prevent children from needing to get dental surgery in an operating room setting, a somewhat risky and expensive treatment. From FY 2009 to FY 2010, the number of ITRs increased by 11.3% in 0-5 year-old AI/AN children, with a 19.1% increase in 0-2 year-olds and a 9.3% increase in 3-5 year-olds. This indicates that our dental staff have embraced ITRs as an early intervention treatment choice.

Last year, we asked what funding level would be needed for the IHS to make having all children entering school be free of tooth decay.

Cole Q8: Have you been able to determine that amount?

Answer: We do not have an estimate at this time.

Cole Q9: Will any of the additional \$18 million you are requesting for the dental program go to address this serious disease?

Answer: If the "serious disease" referred to in this question is dental caries, then the answer is: Yes, virtually all additional dental program funding will go to address the disease. The IHS dental program is a treatment or clinically-oriented program, with over 90% of total resources dedicated to the prevention and treatment of dental caries. A small percentage of the total funding is directed toward the prevention, early diagnosis, and treatment of other diseases such as periodontal disease and oral cancer."

Health Professional Vacancies

Cole Q10: How many health professional vacancies does IHS have?

Answer: The IHS has 956 vacancies for healthcare professionals. As of February, this includes 288 physician vacancies, 536 nursing vacancies (including nurse practitioners), 57 pharmacist vacancies, 49 dental vacancies, 14 optometry vacancies and 12 physician assistant vacancies.

Cole Q11: How many vacancies were there at this time last year?

Answer: 927 vacancies for healthcare professionals.

Loan Repayment

The IHS FY 2011 Budget Justification states that 293 applications were not funded. I do not see a similar statement in the FY 2012 Budget Justification.

Cole Q12: Can you tell me what that number would be?

Answer: In FY 2010, 300 applications were not funded (195 matched and 105 unmatched).

In both budget justifications there is a column labeled "Matched not Awarded."

Cole Q13: Can you tell me what that means?

Answer: "Matched not Awarded" pertains to health professionals working at an Indian health program – IHS federal, Tribal Organization or Urban Indian health programs (I/T/U) where funds were not available for loan repayment.

"Unmatched Unfunded" pertains to health professionals who applied for loan repayment and were not funded and subsequently did not choose to accept a position with an Indian health program.

The FY 2012 Budget Justification also indicates that the IHS expects to fund 318 new contracts but the funding for this account is -\$179,231 below FY 2010.

Cole Q14: How can the IHS fund that many new contracts with less funding?

Answer: In FY 2010, the IHS funded 338 new loan repayment program awards. With \$179,231 less in funding for FY 2012, it is projected that we will award 20 fewer loans for a total of 318 new awards.

Indian Health Care Improvement Act

The permanent reauthorization of the Indian Health Care Improvement Act brings with it more than 80 revised or new authorities. The implementations of two of these authorities—tele-mental health and health care facilities construction—are funded in this request.

Cole Q15: What was IHS's criteria for determining which authorities received priority in FY 2012?

Answer: The requests were based on Tribal input received by the IHS Director during meetings with Tribes and through a targeted, quick consultation with the IHS budget formulation workgroup on priorities for funding Indian Health Care Improvement Act (IHCIA) provisions. These two items were among their top priorities for funding.

Per Capita Health Care

According to the IHS, the federal government, on average, spends \$6,909 per capita annually on medical care for the U.S. general population.

Cole Q16: How does this compare to spending on health care for American Indians and Alaska Natives?

Answer: In FY 2010, the IHS spent \$2,741 per user for medical care plus \$607 per user for public health services and environmental programs which yields \$3,348 total spending per user. Of this total, \$2,675 per user comes from IHS appropriations and \$673 comes from collections, mainly from Medicare, Medicaid, and private insurance reimbursements. The extent of additional spending by other sources outside of the IHS system is unknown.

Cole Q17: Does IHS receive adequate funding to fulfill its treaty obligations?

Answer: The IHS works diligently to maximize health care services available to AI/ANs within the funding annually appropriated.

Contract Support

Since 1975, Tribes, under the Indian Self-Determination and Education Assistance Act, have exercised the right that the law provides to take over the direct operation of IHS programs. Tribes in all Areas operate one or more such contracts. The ability of Tribes to successfully operate their own health care systems, from substance abuse programs to entire hospitals, depends upon the proper appropriation of Contract Support Costs (CSC). Full CSC funding honors the legal duty to pay these costs, and protects health care resources intended for service delivery. IHS projects an FY 2012 shortfall in contract support cost payments of \$153 million. Yet, the President expands the program by only \$50 million.

Cole Q18: Are there plans to fully fund CSC?

Answer: In 2010, the Agency received the largest increase for CSC appropriations in past years, in the amount of \$116 million. The additional 2010 funds were used to address the Tribes' CSC shortfall, including shortfall experienced by a few Tribes that exercised their self determination right by assuming part or all of their health delivery system in 2010. Should funding be appropriated, the Agency will continue to apply resources to reduce the remaining CSC shortfall, plus any CSC need associated with new or expanded assumptions by Tribes or Tribal Organizations, consistent with its CSC Policy and to the extent of the available appropriation.

Contract Health Service

The contract health service (CHS) program serves a critical role in addressing the health care needs of Indian people. When an IHS facility is unable to provide the type of care—often specialized procedures—needed by patients, Tribes are able to purchase this care from other local providers. But this program remains so vastly underfunded that many in Indian Country are forced to endure untreated and painful conditions that could be avoided by prompt treatment.

Cole Q19: How does the President's Request of \$89.6 million ease this problem?

Answer: The increase will be used to purchase additional CHS services for AI/ANs that are medically necessary and relates directly to the Agency's priority to improve quality and access to care while improving customer service for patients and providers. Of this increase, \$79.6 million will be used to purchase the following additional services over the FY 2010 levels:

- 5,732 Inpatient admissions
- 218,070 Outpatient visits, and
- · 7,930 One-way patient travel trips

These services are critical and will provide needed care to thousands of patients who would otherwise not have access to care. These increases will improve the quality of care for AI/AN patients who require a higher level of care than what is available from a direct service facility. It will provide for needed specialty and secondary care including primary care in those areas with limited direct care services.

In addition the remaining \$10 million will be added to the Catastrophic Health Emergency Fund (CHEF) program which supplements CHS programs by providing funding for high costs cases to alleviate the extraordinary medical costs associated with the treatment of victims of disasters and catastrophic illnesses that adversely impacts the availability of CHS funds.

This \$10 million increase will fund an additional 400 high cost cases for CHEF. There were 2,616 CHEF cases submitted in FY 2010 with 1,747 cases reimbursed from the CHEF. The remaining 869 cases were not reimbursed by CHEF.

Youth Suicide

Youth suicide remains a persistent, devastating crisis for many Tribal communities in Indian Country. Indeed, it is the second leading cause of death for American Indians and Alaska Natives ages 10 to 34 years, and at a rate twice the national average for all races.

Cole Q20: What does this budget do to address youth suicide?

Answer:

- The key strategy IHS employs to address suicide is to work in partnership with Tribes to bring services and resources together to focus on mental health needs and reduce the rate of suicide within Al/AN communities.
- Tribes must be involved at every step of developing and implementing suicide prevention strategies
 within their communities. The IHS is currently working with Tribal leadership to coordinate the
 programs and services, as well as provide resources to address this problem. The President's FY 2012
 budget supports all of these efforts.
- For example, in addition to the ongoing support for the Methamphetamine and Suicide Prevention Initiative which funds 127 IHS, Tribal, and urban Indian health programs nationally, the budget includes \$1 million for tele-mental health services.
- This technology promises to connect widely separated and often isolated programs of varying sizes
 together in a web of support. The purpose of the system is to provide additional services at some
 clinics by accessing services of providers who may be available at other locations.

Domestic Violence

Last year you testified that the course of action for the Domestic Violence Prevention Imitative would proceed on a three year basis with the last year contingent on further funding and outcomes of the first two years.

Cole Q21: What are the outcomes of that work to date and what are your plans for domestic and sexual violence issues going forward?

Answer:

- The Domestic Violence Prevention Initiative (DVPI) is providing targeted domestic violence and sexual assault prevention and intervention resources to communities in Indian Country.
- The DVPI expands outreach and increases awareness by funding programs that provide outreach, victim advocacy, intervention, policy development, community response teams, and community and school education programs.
- The funding is also being used for the purchase of forensic equipment and training of medical
 personnel in responding to sexual assault and domestic violence.
- The DVPI has awarded a total of 65 projects that are reporting program data and evidence-based outcome measures. The DVPI programs just completed their first 6 months of programming; output and outcome measure data are still being collected.
- The IHS is also establishing appropriate protocols, policies, procedures, standards of practice, training curricula, and training for treating victims of domestic violence and sexual assault. The IHS has recently established a Sexual Assault Policy which standardizes care for sexual assault victims at all IHS hospitals; provides access to trained sexual assault forensic examiners 24 hours a day, 7 days a week. It requires personnel to collect accurate evidence in a timely manner and to assist the patient, law enforcement, and prosecution in adjudicating criminal acts. The policy also aims to ensure

survivor needs are addressed and supports community efforts to participate in a sexual assault response team.

HIV/AIDS

In the case of HIV/AIDS prevention services in tribal areas, the GAO reports that the Indian Health Service generally offers these services in the all the tribal areas but that it does so in varied ways. In a broader picture GAO states that the Indian Health Service has issues providing basic services in remote areas or due to the inability of the individual to get to the facility or due to lack of funding.

Cole Q22: According to the GAO the HIV/AIDS program in tribal areas would prosper from more oversight, what is the Indian Health Service doing to coordinate and standardize this program?

Answer:

- The GAO report of December 2007 on "Indian Health Service HIV/AIDS Prevention and Treatment Services for American Indians and Alaska Natives" briefly describes the national, area, and local levels of coordination and program management undertaken specifically to address HIV/AIDS in the IHS service population.
- Subsequent to the issuance of this report, the National HIV/AIDS Program expanded the range of
 services provided, commenced new initiatives, and has engaged a robust network of HIV
 stakeholders. Additionally, it has extended technical assistance and surveillance activities across the
 IHS I/T/U system, spanning direct service, tribally operated, and urban Indian health program serving
 units. Currently, more than 30 initiatives and 54 sites are engaged in 10 of the 12 IHS areas, including
 all of IHS' largest facilities.
- While participating sites make locally-informed decisions on implementation, the national reporting
 requirements (such as Prenatal and universal HIV testing) and outcomes of the initiatives are now
 standardized across all sites and overseen by the National HIV/AIDS Principal Consultant and staff.
 The enhanced reporting generated by the Principal Consultant's team has been used to support IHS
 HIV/AIDS activities, address coordination needs, and increase the fiscal and human resources
 available to sites to carry out HIV/AIDS prevention and treatment activities.

Cole Q23: Furthermore, what has the Indian Health Service done in creating better data and understanding of this epidemic in the tribal population?

Answer:

- Due to the large data base and infrastructure at CDC, the IHS generally utilizes official State-level HIV/AIDS data (aggregated by the CDC) in terms of incidence and prevalence of HIV/AIDS in AI/AN. HIV is one of approximately 30 diseases that must be reported to the State. All seropositive individuals diagnosed at IHS facilities are reported to the State.
- Over the past five years, the National HIV/AIDS Program has developed and improved many of the
 data collection measures reported nationally. These measures include: universal HIV testing, HIV and
 STD co-infection, and Prenatal HIV testing. These measures comply with CDC guidelines,
 congressionally mandated reports, and the objectives of the President's National Strategy on
 HIV/AIDS (NHAS) newly released in July 2010. The IHS is looked to as one of the leaders of
 implementation of universal HIV testing and HIV/STD co-infection testing by the CDC as they are
 very interested in the data IHS is currently collecting on the successes and challenges of
 implementation of these measures.

- For patient-level data, IHS coordinates efficiently with the few sites that are treating and caring for
 those living with HIV/AIDS. It is important to consider that the majority of AI/AN population must
 go outside of the IHS system to seek specialized treatment and care for HIV.
- Regarding a 'better understanding' of the epidemic, the IHS National Program has expanded greatly
 across the last 5 years subsequent to the GAO report. Many new program initiatives and robust HIV
 network has grown out of improved resources, partnering, and program management. The IHS has
 over 30 initiatives ongoing within the system that include:
 - o Adaptations of Effective Behavioral Interventions
 - o Universal HIV Expanded Testing
 - o Health Information Technology Expansion specific to HIV
 - Community programming to include online awareness/education modules, prevention education curriculums, youth HIV education, social/new media, and HIV/STD trainings
 - Specific pilot projects to increase access to treatment services and home-based HIV care at the local level
 - Multiple collaborations (via official MOUs) between the IHS program and CDC, HRSA, SAMHSA and OMH

Cole Q24: What funding do these facilities acquire from sources other than the Indian Health Service?

Answer:

- Broadly, the IHS does not have a specific budget line item for HIV/AIDS. Treatment of HIV/AIDS is
 part of the overall allocation to IHS and Tribal sites through the large Hospital and Health Clinic lineitem budget. Beyond this, the only funding received at the VT/U facility level comes from the IHS
 National HIV Program out of funding obtained through proposals each fiscal year to the Minority
 AIDS Initiative (MAI). The MAI program funding originates from the Office of the Assistant
 Secretary for Health/ Department of Health and Human Services (HHS).
- In terms of specific HIV treatment and care, Tribal and community members are eligible to receive Ryan White services from HRSA. Thus, resources are available for treatment and care of Al/ANs outside of the I/T/U system. The Al/AN patients, although eligible and "covered" under the Ryan White CARE policy, often report challenges in accessing these services due to geographic, linguistic, or perceived jurisdictional barriers. As a consequence, many Al/AN people with eligibility for other resources are not able to access them. This is one of the reasons why the IHS National HIV/AIDS program is continually seeking to increase services in IHS and Tribal sites through expanded testing programs, prevention initiatives, and through collaboration with other federal partners such as CDC, HRSA, SAMHSA and the Office of Minority Health.
- Regarding "discretionary" funding administered by IHS from the Minority AIDS Initiative, Tribes
 may apply for and receive HIV grant funding from the IHS HIV Program and any of other federal
 agency partners when available. Tribes can also receive funding from the Office of Women's Health,
 Office of Minority Health, etc. via Minority Aids Initiative funding through proposals directly to
 those Agencies/Offices in addition to the IHS National HIV/AIDS Program MAI funding.

Cole Q25: What percentage of Native Americans are underserved by preventative health services and how far must they travel and at what expense to get those basic services?

Answer:

 The percentage of AI/AN underserved by preventive health services specific to HIV/AIDS is unknown at this time. This would require extensive resources, time and survey tools to estimate it with accuracy and detail in all Tribal communities.

- With this understanding, the National HIV Program, together with AIDS.gov as well as many local
 partners, distributes primary prevention education to as many communities as possible via electronic
 mail, WebPages, videos, and other mass communication services. Additionally, HIV/AIDS
 prevention is included as a topic in the Patient Education Protocols and Codes
 (http://www.ihs.gov/healthed/index.cfm?module=pepc) disseminated to all IHS providers and
 available to the public online.
- To add some clarification to the second portion of the question, "basic" HIV services would be
 considered counseling, testing and referral services. The expense to get those basic services certainly
 would be amplified with greater distances traveled. Patients seeking HIV basic services are able to
 access such services at all IHS facilities.
- Specialty services including treatment and care of individuals living with HIV within the IHS system
 are limited only to the largest IHS sites. Due to the expansion of HIV testing services with MAI
 funding in over 50 participating sites, limited information is available regarding distances traveled for
 expanded services. According to an IHS estimate, patients seeking tertiary care may travel 50-150
 miles each way. Long travel distances suggest barriers to access are a concern.

Sanitation Facilities

The President's Request contains a \$16.1 million reduction to Sanitation Facilities funding. Twelve percent of American Indian and Alaska Native homes are without access to an adequate potable water supply, as compared to one percent of the U.S. general population. IHS itself has proven that for every dollar invested in potable water and waste disposal facilities, the federal government receives a more than twentyfold return in improved patient health.

Cole Q26: In light of this, please discuss the choice to reduce this line item.

Answer:

These reductions are partially offset by \$157 million in Recovery Act funding (\$67 million to IHS
for Sanitation Facilities Construction, and \$90 million from the EPA), and allow IHS to focus on the
provision of health care services.

Aberdeen, SD Regional Office

The committee has been made aware of unusually high Equal Employment Opportunity complaints and other workforce grievances at the Aberdeen, South Dakota regional office.

Cole Q27: We understand that you have done an internal review in this area, could you please highlight the issues you are aware of in the Aberdeen area?

Answer

• As a result of the Aberdeen Area review, the Aberdeen Area Director requested that the operation and management of the Area EEO Program be transferred to Headquarters (HQ) to provide guidance, leadership, and improve the overall operation of this key program. At the time of the transfer on October 1, 2010, the Aberdeen Area had 62 active complaints of discrimination. During the time the Aberdeen Area EEO Program has been under HQ leadership, the number of complaints has been reduced to 25, a decrease of over 60%. Specific issues in the Aberdeen Area include, high turnover in leadership, lack of training for new managers and supervisors, and the remoteness of many of the IHS facilities. In addition, severe weather patterns, difficulty recruiting and retaining qualified medical

staff at remote facilities, and leadership issues related to a lack of training, contribute to the Area's issues

Cole Q28: Does the Aberdeen area in relation to other areas have more problems?

Answer: In February 2011, the IHS Director initiated a two-year plan to conduct oversight reviews of all IHS Areas to determine if there were similar issues in other IHS Areas. The focus of the reviews of all 12 Areas are on high risk subject areas cited in the SCIA investigation into the Aberdeen Area. IHS will have to determine whether similar problems exist in other Areas through these reviews. Where similar problems are noted, HQ will ensure that corrective actions are implemented in a timely manner.

Cole Q29: Going forward what does the IHS plan to do to engender greater efficiency and level of care in the Aberdeen area?

Answer: The IHS Director has identified training of supervisors and managers as key to improving overall performance within the entire IHS. As these efforts are accomplished the overall performance of the Aberdeen Area and the IHS will improve. In addition, to avoid future problems in Area EEO Programs, IHS will consider options such as centralizing the operation of these programs at the HQ level. The Aberdeen Area immediately implemented corrective actions and is slated for an oversight review at the close of FY 2011. CMS and HQ IHS oversight officials are closely monitoring clinical practices and quality improvement processes to ensure that the levels of care provided meet conditions of participation.

Coordination with HUD and DOI

According to a July 2010 GAO report, increased collaboration between HUD and HHS is needed for improved delivery of services in rural areas. GAO states that the barriers to receiving services in rural areas include limited access to services, size of rural areas, dispersed populations.

Cole Q30: What are your present efforts to work with other agencies including HUD to improve delivery of services to American Indians and Alaska Natives?

Sanitation Facilities Construction

- In 2007 two Interdepartmental Memorandums of Understanding were signed among the Department
 of Agriculture (DA), HHS, Department of Housing and Urban Development (HUD), the Department
 of Interior (DOI) and the Environmental Protection Agency (EPA), forming an Infrastructure Task
 Force (ITF) on access to Sanitation Facilities for Al/ANs.
- The goal of the ITF was to decrease by 50% the number of homes requiring access to sanitation
 facilities by 2015. This group chartered a workgroup with federal and tribal membership to look at
 sanitation needs and strategies to meet them.
- One of the early agreements of the ITF was to use the IHS Sanitation Tracking and Reporting System (STARS) to track both need and accomplishments. In fact, the EPA has used STARS data for their AIAN-related Government Performance and Results Act (GPRA) data.
- The ITF has quarterly meetings and over the last 6 months has been engaged in developing a strategic
 direction for future activities. The ITF through the combined efforts of the participants has reduced
 the number of homes requiring sanitation facilities by half. The ITF has developed a cooperative
 method to provide technical assistance to tribal operation and maintenance organizations. The IHS is
 also working to streamline paperwork requirements including National Environmental Protection Act

(NEPA) for jointly funded tribal projects. IHS has made significant data improvements to STARS on needs and progress including working towards having individual homes based data in place of community data.

Behavioral Health

- The DOI through the Bureau of Indian Affairs (BIA) and Bureau of Indian Education (BIE) and the IHS have a memorandum of agreement (MOA) on Indian Alcohol and Substance Abuse Prevention.
- Through this MOA, the BIA, the BIE, and the IHS will coordinate and implement plans in cooperation with Tribes, which have the primary responsibility for protecting and ensuring the wellbeing of their members.
- The MOA emphasizes assisting Tribal governments in their efforts to address behavioral health issues. The MOA includes coordination of data collection, resources, and programs of the IHS, BIA, and BIE.
- The Tribal Law and Order Act (TLOA) of 2010 Section 241amends the 1986 Indian Alcohol and Substance Abuse Treatment Act, requiring significant interagency coordination and collaboration on alcohol and substance abuse issues.
- Specifically, TLOA directs the Secretaries of HHS and DOI, together with the Attorney General, to
 develop and enter into a Memorandum of Agreement to determine the scope of the alcohol and
 substance abuse problems faced by Tribes, identify and delineate the resources each entity can bring
 to bear on the problem, set standards for applying those resources to the problems, and coordinate
 existing agency programs with those established under the 1986 Act.
- Through this MOA, the IHS, SAMHSA, BIA, BIE, and DOJ will coordinate alcoholism, addiction, and substance abuse activities and resources in partnership with Tribes. The TLOA MOA is currently under development.

Public Health Nursing and Community Health Representatives

- The IHS Public Health Nursing (PHN) programs have a long history of coordinating and providing
 hands-on, in the community health promotion and disease prevention, as well as basic nursing care
 and services to students in schools within American Indian communities. Often times these schools
 are operated by the Tribe or by BIE. In addition, some PHN programs provide services to inmates in
 jails operated by the BIA.
- The National Director of the Community Health Representatives (CHR) program is a member of a committee convened by the Administration on Aging. This workgroup is exploring the mobility and transportation issues of elders and working to collaborate with programs under Title VI Aging Services Programs, Tribal Transportation Programs and Tribal governments. The workgroup's efforts will result in a document that will be a useful resource for State Departments of Transportation and other health and human service programs to address the mobility needs of AI/AN, and Native Hawaiian elders living in rural settings.
- The National Director of the CHR program is a member of an interagency workgroup on emergency services response. This workgroup has been exploring transportation and sheltering of persons with disabilities and elders during times of emergency.

Emergency Services

To ensure a coordinated Federal level response to Tribal emergency service and other needs, IHS-ES is a participating member of the Department of Homeland Security (DHS) led Tribal Assistance Coordination Group (TAC-G). Although still in development and expanding to reach additional Federal partners, the TAC-G will provide Al/AN communities a single portal into the Executive Branch inter-Agency community, where they can obtain coordinated advice, guidance and referrals on a range of topics, including emergency services. The TAC-G has already provided significant

service and support to Tribes during emergency situations that did not rise to the level of State or Federal disaster declarations.

Cole Q31: What efforts are you planning at IHS to engender increased cooperation between not just HUD and IHS but also between all federal agencies involved with Indian Affairs?

Answer: The IHS coordinates several activities with other federal agencies involved in Indian Affairs. IHS plans to continue and expand upon these activities. A few examples of these cooperative efforts are described below.

The IHS will continue efforts cited above with the Infrastructure Task Force (ITF) which is currently seeking membership for a new working group to continue to develop strategies to improve access. The ITF has developed the following principle for continuing their work:

Access to safe drinking water and basic sanitation shall be provided through entities that are sustainable and implemented through integrated agency planning that links the development goals of the tribe with the need for such services and infrastructure.

While IHS is not permitted to fund sanitation facilities for new HUD homes, IHS may share data, and assist with technical assistance, design and construction management for infrastructure funded by others. IHS has offered to share data with HUD and work with them and tribally designated housing entities in IHS efforts to collect additional home data. IHS has also been in discussions with HUD and the National American Indian Housing Council (NAIHC) about including IHS in early project planning for housing projects so IHS can assist in planning of sanitation infrastructure and finding funding for needed sanitation facilities.

Besides HUD and tribal designated housing entities, the IHS Sanitation Facilities Construction Program works with many other Federal, State, and Tribal organizations that share the IHS goal of improving public health through delivery of sanitation facilities to American Indian and Alaska Native homes. Agencies that have regularly partnered with IHS to deliver sanitation facilities include the Environmental Protection Agency, the Department of Agriculture, and the Bureau of Indian Affairs. These Agencies, and especially the EPA, regularly contribute funds to IHS sanitation facilities construction projects providing services to American Indian and Alaska Native Homes.

In addition the IHS is participating as the lead for the Department of Health and Human Services in development of a joint plan to address the law enforcement, water, and health care needs of American Indians and Alaska Natives pursuant to Title VI of the "Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization act of 2008." To date, no funds have been appropriated under this Act.

IHS also collaborates with HRSA's National Health Service Corps (NHSC). Activities include the NHSC approval of all federal, Tribal and Urban Indian health facilities for NHSC participation. Ongoing collaborations include joint outreach efforts including fact sheets, recruitment information and activities, including IHS recruiting during the NHSC Scholar Orientation and Placement Conference.

In coordination with the Substance Abuse and Mental Health Services Administration (SAMHSA), Bureau of Indian Affairs (BIA), and Bureau of Indian Education, IHS held ten regional suicide prevention listening sessions across Indian Country to seek input on how the agencies can most effectively work in partnership with Tribes to prevent suicide. The Tribal listening sessions provided important information on suicide prevention needs, concerns, programs, and practices, which are being reviewed by the agencies

and will be utilized as foundational information for the planning of a Suicide Prevention Summit in August 2011. This collaborative work also paved the way for other Federal partners to join in the effort to prevent suicide among Al/ANs. IHS and the Veterans Healthcare Administration (VHA) Suicide Prevention Office have developed a joint plan to address suicide among Native veterans. VHA Suicide Prevention Coordinators participated in several of the listening sessions.

On September 10, 2010, Department of Health and Human Services Secretary Kathleen Sebelius and Department of Defense Secretary Robert M. Gates announced the creation of the National Action Alliance for Suicide Prevention. It is the expectation that the Action Alliance will provide an operating structure to prompt planning, implementation and accountability for updating and advancing the National Strategy for Suicide Prevention. On December 30, 2010, the National Action Alliance for Suicide Prevention announced three new task forces to address suicide prevention efforts within high-risk populations including American Indians/Alaska Natives. Jointly leading the American Indian/Alaska Native Task Force are Yvette Roubideaux, M.D., M.P.H. Director of the Indian Health Service; Larry Echo Hawk, J.D., Assistant Secretary of Indian Affairs, Department of the Interior; and McClellan Hall, M.A., Executive Director, National Indian Youth Leadership Project.

The Tribal Law and Order Act (TLOA) was signed into law by President Obama on July 29, 2010. The TLOA requires a significant amount of interagency coordination and collaboration among HHS (IHS and SAMHSA), DOI (BIA/BIE), DOJ (Office of Justice Programs/Office of Tribal Justice), and the Office of the Attorney General. The Act institutionalizes reforms within the Federal government so that justice, safety, education, youth, and alcohol and substance abuse prevention and treatment issues, remain the subject of consistent focus. The leverage and coordination of Federal efforts and resources will assist in determining the scope of alcohol and substance abuse problems as well as effective prevention and treatment programs. IHS along with its Federal partners serve on the TLOA interagency workgroup to implement the various TLOA provisions.

IHS and the DOJ Office for Victims of Crime (OVC) established an Interagency Agreement to provide training and technical assistance to address the needs of sexual assault victims. The OVC has established a coordinated, multidisciplinary project, the Sexual Assault Nurse Examiner (SANE) and Sexual Assault Response Team (SART) Al/AN Initiative, which will involve IHS, BIA, the Federal Bureau of Investigation (FBI), and the DOJ Office on Violence Against Women (OVW). The overall goal of the initiative is to restore the dignity, respect, and mental and physical health of victims of sexual assault and ensure more effective and victim-centered investigations and prosecutions. The initiative will support victim recovery, satisfaction, and cooperation with the Federal criminal justice system, as well as support victims' of sexual assault and Tribal communities' need for justice.

The IHS leadership met with VA Secretary Shinseki in May 2010 to reconfirm both agencies commitment to improving the health status of American Indian and Alaska Natives veterans. As a result of this meeting, IHS and the VA signed an MOU on October 1, 2010 for the purpose of leveraging the strengths of both agencies to improve the care and services provided to Al/AN veterans by more effective collaboration and coordination and resource sharing. Although the MOU is national in scope, the success will best be measured by local adaptation and adoption. Tribal consultation will be integral to establishing sound policy and practice and most importantly tribal priorities. A joint IHS/VA DTLL was sent out November 2010 to gather input from tribal nations about their ideas and issues and on best to implement the MOU. A joint IHS/VA implementation team with senior leadership direction has been established and will work with tribal nations to establish MOU work plan priorities, track results and assist in reporting on accomplishments and challenges.

Inventory Accountability

A recent GAO report cites the Indian Health service as reporting lost or stolen property of \$3.5 million in value between 2005 and 2007. Furthermore, according to GAO, IHS has taken no action to make sure employees are aware of property policies, or are being held responsible for this lost property.

Cole Q32: What has the IHS done specifically to either make personnel accountable for property or otherwise fix this problem?

Answer: A hand receipt system has been implemented that assigns every accountable property asset in the Agency to a designated user who signs a receipt accepting personal financial liability for these assets. This stricter level of accountability has strengthened the internal controls by placing the responsibility on the individual to safeguard the equipment. In the event a piece of property is not accounted for, the "Report of Survey" process is initiated, whereby a designated IHS Board reviews documentation and recommends financial liability of individual employees.

- In October 2010, a comprehensive IHS Property Management policy was issued and has been implemented resulting in an improved personal property program.
- Beginning in 2009, all SES performance plans have required clear and timely results to be accomplished by all senior management, and cascaded elements to all agency staff.

Cole Q33: How much of your total property do you estimate is lost or stolen?

Answer: The results of the 2010 IHS-wide inventory were as follows:

• The Property Management Information System reflects an IHS-wide inventory of over 42,000 assets with a total acquisition value of \$174 million. Total shortages agency wide for 2010 was 1,300 assets (3%) with an acquisition value of \$4.2 million (2%). Twenty IHS employees were held financially liable for shortages in 2010. The relatively high number of shortages may reflect proper, but unrecorded disposals. But without the proper documentation, the shortages are officially considered "lost or stolen".

Joint Ventures

The Joint Venture program has allowed some tribes to use their resources to undertake construction of new facilities at a rate that outpaces what IHS could construct on their own.

Cole Q34: How has IHS planned for out year budgets for Joint Ventures as new facilities continue to come on line?

Answer: IHS prioritizes potential Joint Venture projects several years in advance and staffing is calculated based upon a tribally- supplied expected opening date. From those expected opening dates, the IHS estimates out-year budgets, including staffing, for the year of opening utilizing the IHS Resources Requirements Methodology (RRM), a standardized IHS procedure for determining staffing needs and funding to support them. Close monitoring of the project is done in order to anticipate funds for staffing.

Cole Q35: How does your budget account for changing staffing needs at Joint Venture facilities from FY11 to FY12?

Answer: The staffing needs for a Joint Venture facility does not change year-to-year. However, in the first year of operation most new Joint Venture facilities open for only a portion of the year. The IHS requests new funds for facility staffing only for that portion of the year. These funds then go into the recurring base. The next year, the IHS requests new funds for staffing of that facility to annualize the funding. These funds also go into the recurring base for operating the facility. For example, a facility that will require a total of \$1 million in staffing funds annually opens in July and is in operation for only 3 months of the fiscal year. So, \$333,000 in new staffing dollars is requested for that fiscal year (FY). The next FY, since \$333,000 is already in the base request, \$667,000 in new staffing dollars is requested.

Small Grant Programs

IHS worked with the Tribal Advisory Board closely in preparing your FY 12 budget request. Nearly \$6 million in small grant programs addressing such areas as youth intervention, domestic violence and elder care as well as other areas were zeroed out without notification or consultation with the Advisory Board.

Cole Q36: Why was the Tribal Advisory Board not consulted on the proposed cuts to these grant programs?

Answer: IHS works closely with the Tribes in budget development and values their input as the IHS budget is their budget. One of the agency's priorities is to strengthen the partnership with Tribes which includes the budget development process. The priorities identified through consultation with the Tribes are considered though the entire budget process and help inform decisions as competing priorities are weighed and limited funds are allocated.

Cole Q37: How does your budget address the needs that were previously serviced by these grant programs.

Answer: These grant programs provide funds awarded to a small number of Tribes. In consultation with Tribes, the IHS Director has repeatedly heard that Tribes would prefer to have the funding go directly to their base program rather than through a competitive grant process that only benefits a limited population. By eliminating the grant programs, proposed increases for higher priority areas of the budget will be available to a larger Tribal population for program needs.

Questions for the Record from Ranking Member Moran

Indian Health Care Improvement Act

Moran Q1: If the majority's effort to repeal the Patient Protection and Affordable Care Act was successful, how would elimination of the enhancements and other changes included in the Indian Health Care Improvement Act affect the delivery of services to Indian Country?

Answer: As the IHCIA is included in the Patient Protection and Affordable Care Act (ACA) it too would be repealed if the ACA were repealed. The impact on the health care to Al/AN people would be great. The IHCIA authorizes a number of important programs and activities that have a positive impact on the health of Indian Country, including but not limited to:

- · behavioral programs (including training and community education programs),
- · fetal alcohol disorder programs,
- · child sexual abuse and prevention treatment programs,
- · domestic and sexual violence prevention and treatment programs,
- · Indian youth suicide prevention and treatment programs,
- authority to increase access to National Health Service Corps personnel by Indian health programs,
- authority to begin Indian Youth Telemental Health Demonstration Project significant demonstration authorities ranging from addressing chronic health professionals shortages to development of new health programs offering care outside of regular clinic operational hours and/or alternative settings, and new authorities to demonstrate new methods of health facilities, and
- new authorities that would increase access to health services from Medicare, Medicaid and Children's Health Insurance would not be implemented. These are a few of the over 80 new authorities in the reauthorized IHCIA that would be repealed. Health Care to Al/AN people would suffer if a repeal of the ACA were to occur.

Tribal Consultation

Moran Q2: I note that your budget justifications highlight the consultation the IHS had with tribes and other Native American groups in developing your budget. While I appreciate those consultations, can you tell us if the IHS has given consideration to establishing a formal Budget Consultation Council like the one that is used by the Department of the Interior?

Answer: While the agency does not have a formal Budget Consultation Council like the one used by the DOI, the IHS does have a formal process for Tribal participation in establishing priorities for a given fiscal year. During this process, all Tribes and Urban Indian organization representatives have the opportunity to provide input at their respective Area formulation budget sessions. Recommendations made at the Area level are presented to Tribal representatives during a National meeting. Tribal representatives deliberate and agree on a set of National recommendations to the Agency. The IHS budget process allows Tribes to engage in formative discussions and ensures all Al/AN health needs are reflected in the decision making process.

Recovery of Costs

Moran Q3: How important is the ability to recover costs from third parties to the operation of IHS facilities and services?

Answer: All IHS, Tribal and Urban Indian health facilities rely on third party collections in a very significant way. Sites use Third Party revenue to maintain accreditation and to support the overall health care delivery system. Many facilities rely on third party collections to support up to 50 percent of their operations and services would diminish significantly without this additional revenue. The IHS Third Party Revenue for Fiscal Year 2010 is as follows:

 Medicare
 \$192,748,000

 Medicaid
 \$617,239,000

 Private Insurance
 \$81,006,000

 TOTAL
 \$890,993,000

Collections from Private Insurance, Medicare and Medicaid sustain vital health care operations while increasing access to much needed care for AI/AN. Alternate resources also cover much of the costs when care is referred out and purchased from the private sector under the IHS CHS Program. This revenue is vital to the sustainability of Indian Health Facilities nationwide.

Contract Support Costs

Moran Q4: Will the extra \$63.3 million you have requested for Contract Support Costs completely fund the shortfall in this program?

Answer: The program increase of \$63.3 million will be applied against existing CSC shortfalls associated with ongoing 329 contracts and compacts. The proposed increase will make significant progress in addressing the CSC needs of tribally operated programs to improve quality of care for Al/ANs. The IHS estimates that 305 of the total 329 Tribes and Tribal Organizations with P.L. 93-638 contracts and compacts will have CSC shortfalls at the end of FY 2011. With the \$63.3 million increase, the total CSC shortfall associated with those 305 contracts and compacts is projected to be approximately \$166 million at the end of FY 2012.

Health Care Costs

Moran Q5: Increases in health care costs have been an ongoing national problem. What is the IHS doing to help contain health care costs without sacrificing quality of care?

Answer: Providing health care to the Al/AN population, with its lower health status and higher prevalence of health problems, has long been a challenge. The IHS is investing significant resources to fully implement electronic health records and related technology tools to improve productivity and enhance continuity and quality of care to patients throughout the I/T/U system. Where medical services, pharmaceuticals, and supplies are purchased from non-IHS sources, costs are controlled by obtaining significant discounts through the Veterans Administration prime vendor contract, application of Medicare Like Rates as a ceiling on payments and through a variety negotiated contracts to obtain favorable rates from suppliers. Another significant strategy for restraining future health care cost increases is emphasis on community oriented primary and preventive services which, over the long term, can reduce the

proportion of health care dedicated to costly complex medical care. Such strategies will become more important as demographics of an aging population puts inexorable upward pressure on health care costs.

Aberdeen Area Investigation

Moran Q6: Can you provide us with an update on the specific actions taken to address the problems that were identified in the Aberdeen Area investigation?

Answer: The IHS has conducted a detailed management review of the Aberdeen Area. This review identified issues in the operation of the organization and the IHS Director established an ambitious schedule to remedy those problems and has closely monitored progress toward resolution of all issues. In addition, Senator Dorgan previously identified a wide range of concerns. In partnership with a Program Integrity Task Force organized by the HHS, all concerns have been aligned to focus on (1) ensuring that proper policies and standards are in place at Aberdeen and that systems and processes ensure corrective actions are permanently successful, that problems do not recur, and that Aberdeen has the capability for sustained success; (2) ensure that the issues/problems previously raised by Senator Dorgan have been addressed; and (3) make certain the IHS' corrective action plans are addressed in a timely manner.

In addition, the IHS Director has directed that "Immediate Actions" be implemented to:

- 1) Ensure IHS does not hire or contract with excluded felons: Before every hire, the supervisor, as part of the required reference checks, and the human resources staff, as part of the screening process prior to the job offer, and contracting officers during the contract award process (majority of the issues identified in Aberdeen were contract providers) must all check the OIG Exclusion List for the name of the person they intend to hire. If the individual is on that list, they are not to be hired. Anyone who hires someone who is on the OIG Exclusion List will be held accountable and appropriate disciplinary action will be taken. This applies to Commissioned Officers and Civil Service employees who are transferred, reassigned (including Inter-Agency Personnel Agreements, Memorandum of Agreements), or re-hired (including Commissioned Officer Student Training Extern Program participants, etc.). In addition the Aberdeen Area has implemented the following:
 - The exclusion website will be used for all pending contract awards for services to verify whether
 or not a vendor and/or individual is listed on this website, if any firm or individual is listed on the
 OIG exclusion list the acquisition staff are instructed to not make the award.
 - Reference checks will be conducted prior to the interviewing process. Hospitals and clinics have standardized their reference check forms and maintain local records on all reference checks conducted for each panel.
 - Effective October 29, 2010, both Managers/Supervisors and Human Resource staff began
 checking candidate's names against the OIG Exclusion list each time a new employee enters on
 duty, is reassigned or is transferred.
- 2) Conduct background checks quickly and as a condition of hire: Before every hire, fingerprint checks must occur as a part of the pre-employment process. If problems appear, the individual should not be hired until the background check is resolved. Every position description, vacancy announcement and all counseling of potential new hires include clear instructions that employment is conditional on a cleared background check. IHS updated the list of "public trust" positions that require more extensive background checks.
 - Language has been added to all new solicitations to include the background checks requirement.
 No new contract has been awarded without a cleared fingerprint check for individuals working at IHS facilities. Contractual language has been modified to address those companies with current

- contracts that provide services where a change in provider would occur throughout the duration of the period of performance. This requirement has been incorporated into the Aberdeen Area Acquisition file checklist.
- On November 1, 2010, Human Resources developed an internal Checklist which includes
 notification from HR to the Personnel Security Representative (PSR) that a selected individual
 has completed their fingerprints. eFingerprints are completed at each IHS facility. Only <u>after</u> the
 PSR has checked the fingerprint database, to ensure a favorable determination or has adjudicated
 for favorable fingerprint results, will the staffer then provide a final appointment clearance for a
 selectee.
- Human Resources incorporated the following standard language into every vacancy announcement (as of November 4, 2010): "If you are selected for this vacancy, you must undergo a fingerprint check. Fingerprint results must be cleared prior to hire. You will receive instructions on how to obtain and submit fingerprints. After you begin your employment, your continued employment is contingent upon the outcome of a complete background investigation as determined by the sensitivity level of your position. The investigation must find that you are suitable for Federal employment in your position. If you are found not suitable, you will be terminated after you begin work. If you make a false statement in any part of your application, you may not be hired; you may be fired after you begin work; or subject to possible criminal charges".
- 3) Limit use of administrative leave (Civil Service)/Non-Duty with Pay (Commissioned Officers): The IHS Director has directed all Area Directors and HQ Office Directors to review the use of administrative leave/non-duty with pay and, if necessary, to take actions to ensure it is appropriate and used on a limited case-by-case basis. While sometimes outside entities require placement of individuals on administrative leave pending investigations, Senior leadership will need to closely monitor the status of these investigations and encourage prompt resolution.
 - As a result of the Senate Committee on Indian Affairs (SCIA) Investigation, a memorandum was
 issued on November 4, 2010 and sent to all CEOs, Administrative Officers (AO), All Supervisors
 and Managers, and All Timekeepers of the Aberdeen Area IHS. The purpose of the memorandum
 was to restrict the amount of administrative leave a CEO or AO could approve to eight (8) hours
 or less. All requests over 8 hours must be approved by the Area Director.
 - In regard to an employee's Permanent Change of Station (PCS), a written request is submitted to the Area Director, through Human Resources for up to 40 hours of Administrative Leave to be used for purposes associated with their PCS move. Upon approval, the employee submits a request(s) for Excused Absence/Administrative Leave on an "as needed basis" through the Integrated Time and Attendance System (ITAS) with times, dates, and the specific purpose of the request. The leave may be used intermittently for closing/opening bank accounts, meeting with the moving company, overseeing the movement of household goods, vehicle, voters, dependent (school) registrations, etc. The immediate supervisor may approve the request(s) using the written request signed by the Area Director as supporting documentation.
- 4) Improve security in IHS pharmacies: In order to prevent missing and stolen narcotics, the IHS Director has directed all IHS Area Directors and Chief Medical Officers to review all relevant pharmacy policies and monitoring processes and systems and to implement improvement strategies as soon as possible.
 - The Aberdeen Area developed the "Controlled Substance Accountability Policy" which was signed by the Area Director on November 5, 2010. The "Policy" includes dedication of additional resources to all pharmacies to support controlled substance accountability.

- These resources include architectural and physical improvements for storing and filling controlled substances, additional pharmacy staff to perform processes, and security camera coverage for the entire pharmacy and medication dispensing areas outside of the Pharmacy Department.
- The Aberdeen Area Director has ordered Security Camera visual coverage of 100% of all Pharmacy Departments with multiple views of caged controlled substance areas.
- The Aberdeen Area Director has ordered PIV card scanning for physical access into all Pharmacy Department.
- The Aberdeen Area Director has committed \$1 million to implement adequate physical security in all pharmacies within the Aberdeen Area. When funds become available, distribution and construction will begin.
- CEOs will ensure that current recording/camera security systems are operational at all IHS Pharmacies.
- Area Leadership directed all CEOs submit a Plan of Correction (PoCs) within 30 days from the date they receive their Pharmacy Review.
- Pharmacy policies that have been developed by the Aberdeen Area Pharmacy Consultant have been distributed to all Service Units and are to be approved by Service Unit Medical Staff, Executive Team and Governing Body for implementation for Service Unit Pharmacy Program. CEOs are required to ensure that:
 - Pharmacies conduct the required monthly controlled schedule II (CII) drug inventory and send the inventory report to the facility CEO and Area Pharmacy Consultant.
 - Pharmacies conduct the required monthly controlled schedule III V (CIII-CV) drug inventory and send inventory reports to the facility CEO and Area Pharmacy Consultant.
 - Service Units implement Caged Controlled Substance work areas that include all controlled substances in the Pharmacy. Access to the Caged Controlled Substance work areas must require both the use of a swipe card and unlocking a separate combination keypad lock.
 - Some Service Units are creating additional Security Guard positions to ensure facility security
 - Service Unit Pharmacies are increasing the number of Pharmacists utilized for narcotic inventory in order to increase security and prevent drug diversion and to provide a more effective monitoring system for controlled substances.
 - Security measures are enforced regarding Unauthorized Personnel within the Pharmacy department. After hours, no person(s) are to be allowed within the Pharmacy department.
 - 7. No volunteers will be utilized within Pharmacy departments.
- 5) Ensure that healthcare providers have current licenses: The IHS Director has directed all Area Directors and Chief Medical Officers to review how IHS will monitor healthcare provider license status and to develop a process to ensure that providers with expired (revoked, suspended and conditional) licenses are not allowed to practice in our hospitals and clinics until they correct their licensure status. Exceptions only apply to providers who are in training without full licensure.
 - All licensures & certifications are primary source verified upon expiration or renewal, and the
 medical provider is to maintain an active, unrestricted licensure to practice in a state, US
 Territory or commonwealth or the District of Columbia, in order to maintain membership and
 appointment, reappointment, or clinical privileges on their respective medical staffs.
 Appointments, reappointments, and granting of clinical privileges to the medical staff are for a
 period of exactly two (2) years. License verification, fingerprints, and all clearances from the
 exclusion list and background checks will be cleared prior to employment.
 - A feasibility study will be conducted that to evaluate the implementation of a "Centralized Credentialing" process. Currently, all credentialing forms, files, & processes have been

- standardized throughout the Aberdeen Area IHS sites; however, each site conducts their own credentialing process.
- Facilities with Tribally managed programs that employ medical providers have reinforced the importance of monitoring provider licensures.
- Clinical Directors and CEOs are ensuring that medical providers that fail to comply with the
 credentialing process will be held accountable and appropriate disciplinary actions will be taken
 as deemed necessary.
- 6) Ensure program integrity: The IHS Director has emphasized the importance of program integrity and has explained how employees can report allegations of fraud, waste or abuse by other employees. Individuals will be held accountable if investigations reveal they have engaged in any of these types of activities. All employees are responsible for ensuring that federal resources are used in the most effective and efficient manner. A link has been added by OMS/PIES to the IHS home page for reporting fraud, waste and abuse.
- 7) Improve business practices in the Contract Health Services Program: The IHS Director has been consulting with Tribes on how to improve the business of the CHS program, and has received recommendations from the Tribal workgroup. After review by all Tribes, IHS will be implementing specific activities to ensure that these resources are maximized through sharing and implementing best practices, improving customer service, improving billing and referral processes and negotiating the best rates from outside providers.
 - The IHS has held two CHS Best Practices and Listening Sessions. These sessions showcased
 best practices from both Tribal and Federal programs. IHS has also commissioned a workgroup
 for improving CHS which is comprised of Tribal leaders and federal employees. This workgroup
 has identified a number of recommendations for improvement and after consultation with all
 tribes, specific activities will be implemented.
 - The Aberdeen Area Leadership has directed all CEOs to utilize the provider education manual and direct CHS staff to educate appropriate entities about CHS guidelines. CEOs will present the CHS guidelines to the Tribal Council during monthly Tribal Council meetings.
 - Area Leadership will hold CEOs accountable for ensuring compliance with the 78 day completion of the CHS referral to payment process.
 - Area Leadership issued a Directive to all CEOs to complete the mandatory Internal Control Report within required timeframes and is at 100% compliance.
 - Service Units actively involved in the Improving Patient Care Program have implemented and shared Best Practices amongst other Service Units. Referrals are reviewed 3 times per week and CHS budget is viewed at CHS Committee meetings. Case Managers make every attempt to schedule patients at other IHS facilities if the services are available or at a local IHS contracted facilities.
 - Aberdeen Area Leadership has ensured that CHS Reviews are completed to ensure compliance with all CHS Regulations and Policy Procedures.
- 8) Improving accountability: Because these concerns are serious, it is important to make sure that if these action items are not implemented, responsible individuals will be held accountable. The IHS Director heard from staff input last year that the lack of accountability for poor performance was a big problem throughout IHS. Accountability is one of the agency's priorities and needs to be an important part of ensuring that IHS changes and improves as an organization. This has been added to managers' performance plans that are accountable for implementation.

- Aberdeen Area has implemented monthly CEO Conference calls to discuss Agency initiatives
- and a forum to discuss ways of improving processes/systems and accountability.

 Aberdeen Area Leadership has ensured that all managers/supervisors consult with Aberdeen Area HR when dealing with issues that arise with the performance elements of employees Performance Management Appraisal Plans to ensure appropriate action(s) are taken.
- Managers are expected to communicate to their supervisors any issues that arise in connection with the Director's directives and to follow the chain of command in resolving those issues.
- Performance elements with definable metrics have been added to all manager and supervisor PMAPS as a result of the Aberdeen Area Administrative & Management Review of 2010.

NATIONAL ENDOWMENT FOR THE ARTS, FISCAL YEAR 2012 BUDGET REQUEST

WITNESS

ROCCO LANDESMAN, CHAIRMAN

OPENING STATEMENT OF MR. SIMPSON

Mr. SIMPSON. The committee will come to order. Chairman Landesman, I want to thank you for joining us this morning to testify about your fiscal year 2012 budget request. We look forward to learning more about the NEA's work and your goals for the future

By the end of this week, our subcommittee will have conducted no less than about two dozen hearings to weigh the merits of everybody's budget request because of the intense competition for federal dollars this year. Like many of the agencies that receive funding through this subcommittee, the Arts Endowment finds its budget under pressure because of the tight fiscal environment we are facing. Your budget request, which is just slightly above the fiscal year 2008 funding level, reflects that reality.

At the end of the day, I believe the focus should not only be on the size of the NEA budget, but on the quality of the NEA programs that serve our constituents. Whatever funding is available to support the NEA's mission next year should be used to support proven quality programs with broad geographic reach. Changing the overall direction of the NEA, particularly in this budget environment, could very well undermine long-established bipartisan support for the arts in Congress.

You know from our conversations in Washington and during our time together in Idaho last year that I am a supporter of the arts. I am particularly proud of the Idaho arts community, the Big Green, the Shakespeare in American Communities, Challenge America, and other NEA grant programs are the lifeblood of the arts in Boise, Jerome, and many other communities throughout the state. It is my hope that these and other proven popular initiatives, all of which enjoy strong bipartisan support in Congress, will continue in the coming years.

I also appreciate the NEA's efforts to work with state art organizations because it is how we reach rural communities in Idaho and other rural states in this country. In 1997, Congress wrote into law that 40 percent of the NEA program funds must be allocated to the states through their state arts agencies, or SAAs, because their proximity to small communities allows them to understand community priorities and be more accessible to local organizations. The SAAs are better positions and more successful at reaching underserved populations.

The NEA's fiscal year 2012 budget places 5 million in funding for Our Town, but without the safeguards provided by the 60/40 split. This is of great concern to me as funding for this program, if provided, will likely gravitate toward large urban centers with strong existing arts infrastructure. Allowing specific programs to receive funding outside of the 60/40 split is a troubling precedent that undermines support for the state art agencies. Observing the 60/40 split for all grant funding ensures that funding reaches more states and towns and bolsters the budgets of the state arts agencies.

In recent years, the NEA has been successful because of its emphasis on promoting arts for all Americans rather than individual artists. Fifteen years ago, the NEA was fighting for its very survival. Today, Democrats and Republicans provide broad, bipartisan support for the NEA. I hope that bipartisan support will continue even as we scale back funding levels to address our current fiscal situation.

With that, I am happy to yield to Mr. Moran for any opening comments he would like to make.

OPENING STATEMENT OF MR. MORAN

Mr. Moran. Thanks very much, Mr. Chairman. And I know, as do the people in this room, that you do not just talk the talk with regard to supporting the arts. You walk the walk in terms of defending them and ensuring their funding. And it is good to be joined by Ms. McCollum.

Chairman Landesman is doing a terrific job. I think we all agree. You know, we could not have a finer person in this job at this time. I like to offer a quote or two when we make an opening statement, if only because Chairman Simpson—

Mr. SIMPSON. I demand it.

Mr. Moran. President John Kennedy once noted that "Art is the great democratic equalizer calling forth creative genius from every sector of society, disregarding race or religion or wealth or color." Of course, as we know, Mr. Chairman, President Kennedy was referring to democrat with a small "d" to say that because the arts do know no political party. It is a bipartisan undertaking that inspires and enriches us all.

For 46 years, the National Endowment for the Arts has been a leader in advancing the arts. It has been tasked with engaging the public in cooperation with state and local governments and non-profit entities. And the role that art has and continues to play in all our communities and our lives, these are difficult budget times. The budget request set forth by the President for fiscal year 2012 reflects that reality. The NEA is being asked to do more with less as well, and that is what we need to discuss with you, Mr. Chairman, how you intend to carry out your mission without sacrificing its core values but within the constraints of very limited funding.

These are difficult times, but in such times that we need the National Endowment for the Arts and Humanities more than ever. For thousands of years, civilization has gained nourishment and inspiration from the beauty that art has shined upon a troubled world. One more little quote—an American actress and acting teacher who I know you are aware of, Mr. Landesman—Stella Adler once observed "Life beats you down and crushes the soul of-

tentimes, but art will remind you that you have one"—have a soul is what she was referring to.

The arts continue to serve an important purpose in society and I appreciate, Chairman Landesman, that you have come back after we had to reschedule this hearing and the chairman was very good about rescheduling it. It was supposed to occur right in the middle of our deliberations on the fiscal year 2011 continuing resolution back in early April, but I appreciate again the fact that you have rescheduled this so that we can get a full hearing in for both the NEA and NEH. And with that, we again welcome Chairman Landesman.

Mr. SIMPSON. Thank you.

STATEMENT OF MR. LANDESMAN

Mr. Landesman. Chairman Simpson, Ranking Member Moran, and distinguished members of the subcommittee, I am pleased to be appearing before you to discuss the present fiscal year 2012 budget request for the National Endowment for the Arts of \$146.255 million, which includes support for direct NEA grants, partnerships with state and regional arts agencies, a second round of Our Town investment, as well as program support efforts, staff salaries, and administrative expenses. As you know, this request is consistent with the Agency's fiscal year 2008 budget and would be a decrease of 13 percent from our fiscal year 2010 level of appropriation.

We have worked to make the smartest decisions possible within the current fiscal reality. We have been guided in these decisions, as well as in the Agency's grant-making by our newly revised strategic plan, which has as a central theme the Agency's desire to gather and communicate even more data and analysis about the impact of federal funding on the arts. This data will also allow the Agency to refine and focus our investments in the arts to increase the efficacy and impact of our grants.

The NEA's mission is to advance artistic excellence, innovation, and creativity throughout the country, and we are asking each of our grant recipients to tell us how they will further this in one of three ways: one, through the creation of art that meets the highest standards of excellence; two, by engaging the public with diverse and excellent art; and three, by promoting public understanding of the arts contributions in the lives of individuals and in communities.

OUR TOWN

In fiscal year 2012, we will continue our investment in creative place-making through which we ask local political civic and arts leaders to work together to shape the social, physical, and economic characteristics of their communities. We will do this primarily through Our Town, which will invest \$5 million in some 35 communities across the country.

We piloted this work through a series of grants we made in conjunction with our Mayors' Institute on City Design, which has worked with mayors for the past 25 years. One of our MICD 25 grants was moved to Shreveport, Louisiana, where the head-

quarters of the Regional Arts Council had burned down. The mayor of Shreveport decided to create an opportunity out of this tragedy and he partnered with the Arts Council to apply to the NEA for funds to design an adaptive reuse of a historic firehouse to serve as the Arts Council's new headquarters. This building will also serve as the heart of a seven-block commons that would serve as a creative center for Shreveport and a gateway to the city. The commons will become a comprehensive arts district with rehearsal and studio space, performance and exhibition space, community services, religious institutions, restaurants, and businesses. The NEA's \$100,000 towards this project was leveraged into \$5.3 million in total investment, \$3 million of which came from private sources, including \$300,000 from a national foundation that had never before invested in Shreveport.

There are similar stories throughout our MICD 25 investments. Bethlehem, Pennsylvania is using NEA support to create a new town square with a major work of public art in front of its abandoned steel mill. Greensboro, North Carolina is creating a multiuse greenway to encircle its downtown and connect residential neighborhoods and business districts. Phoenix, Arizona is designing public art that will both beautify the downtown and simultaneously

provide much-needed shade for a weekly outdoor market.

Throughout the country, mayors and towns are including the arts at the center of strategies to create more vibrant communities that will allow their citizens to prosper in place, and Our Town allows the NEA to partner with even more communities. We are especially eager to make Our Town investments in rural communities, and toward this end we have written the guidelines to allow entire counties to apply through a single application. Each application requires a lead public partner, and the 2012 guidelines will allow state arts agencies to be those lead partners and to receive funds directly for this work.

PROPOSED REDUCTIONS

With a proposed appropriation that represents a 13 percent decrease from our 2010 level of funding, we have had to make some difficult decisions. We have worked to cut smartly and do not simply apply a flat, across-the-board decrease to all of the Agency's programs. One example of this is our proposal for Shakespeare in American Communities. As you know, this is a wonderful program administered by a regional arts organization that provides funding for a stand-alone Shakespeare touring initiative. However, touring productions of Shakespeare are something that the NEA also funds within our core grant-making in the theater discipline. We are proposing that rather than to continue as a stand-alone program, we will instead encourage applicants to the Shakespeare in American Communities program to apply directly to the NEA theater discipline for support for their Shakespeare projects.

By bringing this program back in-house, we will be able to save \$400,000 in costs and administrative expenses for a program that in many ways duplicated our core work. Of the 40 recipients of Shakespeare in American Community grants awarded last year through the regional arts organization, over half of them also received a direct NEA grant for their Shakespeare work. This was a

second bite at the NEA apple for a small subset of arts organizations, an option not available to the vast majority of theaters and arts organizations. We will continue to make the Shakespeare in American Communities educational materials available free of charge to all interested theaters, not just grantees, through arts.gov.

By taking this direction with Shakespeare in American Communities, we have the flexibility to be able to save programs that were not duplicated by the Agency's other work. The Big Read, for example, is an extraordinary program that gets books off the shelves, into people's hands, and transforms them into opportunities for citizens to come together and share a common art experience. The YWCA in Knoxville, Tennessee, for example, hosted a discussion of "Their Eyes Were Watching God" in a community room that was part of a Knoxville area transit transfer station. Readers received free seven-day bus passes for participating, and this turned out to be the largest and one of the most active book discussions yet in the four years of Knoxville's participation in the Big Read. Just as we have for the current fiscal year, in fiscal year 2012, the NEA will budget \$1.5 million to support 75 Big Read grants across the country.

CLARIFYING STATE MATCHING REQUIREMENTS

The state arts agencies are key partners in so much of the Agency's work. In many cases, despite the difficult budget realities that many states face, state arts agencies, governors, and state legislatures have come to the NEA for clarification on the requirements to receive NEA funding. The philosophy of the NEA state partnerships has always been that a state arts agency is most effective when it is able to marry its state funds with federal support. A state arts agency is simply not a state arts agency when it receives no state support.

To emphasize this, we requested a clarification in our legislation that specifies that the NEA's investment in a state arts agency must be met at least one to one with funds that the state itself directly controls. Understanding the unprecedented fiscal times in which we are operating, we are also seeking allowance to develop narrow guidelines for when this match may be temporarily waived. These would be published for public comment before being enacted.

HONORING ARTISTS OF ALL DISCIPLINES

We are also seeking a change to the NEA's Honorifics program. As you know, since 1982, the NEA has awarded Jazz Masters and National Heritage Fellowships to recognize the individual artists who have made exceptional contributions to their respective fields. In 2008, the NEA expanded its ongoing investment in these lifetime honors to also include the NEA Opera Honors. This recent expansion sparked a conversation at the Agency about the possibility of continuing to expand the lifetime honors to embrace the full spectrum of the arts that the NEA supports. Toward that end, the NEA is seeking a legislative change that would allow the Agency to honor artists who have made extraordinary contributions to American culture, regardless of discipline.

COLLABORATION WITH OTHER AGENCIES

Let me end by touching briefly on two major areas of focus that require no additional investment in the NEA. The first is our collaboration with other federal agencies. Take, for example, the Department of Housing and Urban Development. As you know, Secretary Shaun Donovan is a huge champion of the arts and the role they can play in creating and sustaining vibrant communities. When HUD released a Notice of Funding Availability for \$100 million for regional planning efforts, the arts were included explicitly alongside integrated housing and transportation decisions and incorporating livability, sustainability, and social equity values into land-use plans and zoning. When HUD announced the results of this NOFA, the arts were the centerpiece of many of these grants, including Hollywood, Florida; Rockford, Illinois; Evansville, Indiana; Greenfield, Massachusetts; and Radford, Virginia.

I am also talking with Health and Human Services about the ways in which the arts and human development intersect: with the Department of Education, about the key role that the arts play in providing a complete 21st century education; with the Department of Transportation, about the role of the arts in smart design in connecting communities and neighborhoods; and with the Department of Agriculture, about the role that the arts can play in creating and enlivening gathering places in rural settings. In short, the NEA is positioning itself at the intersection of the arts and the everyday

and we are eager to share the arts with our sister agencies.

BLUE STAR MUSEUMS

Finally, I would like to call your attention to Blue Star Museums, which is a partnership among the NEA, Blue Star families, and museums across the country to grant free admission to active duty military men and women and their families all summer long. Last year was the first year of this partnership and we launched with some 600 museums participating and ended up with over a quarter of a million military families participating. We are still almost a month away from this year's launch, and we already have enlisted over 1,200 museums who will welcome military families this summer.

Let me end by thanking the chairman, the ranking member, and the distinguished members of the subcommittee for your ongoing support of both the Agency and the arts in general. I am now happy to answer any questions you may have, and I look forward to our discussion. Thank you.

[The statement of Rocco Landesman follows:]

ROCCO LANDESMAN, CHAIRMAN, NATIONAL ENDOWMENT FOR THE ARTS PREPARED STATEMENT BEFORE THE HOUSE OF REPRESENTATIVES APPROPRIATION SUBCOMMITTEE ON INTERIOR, ENVIRONMENT, AND RELATED AGENCIES

Wednesday, May 11, 2011; Washington, DC

Chairman Simpson, Ranking Member Moran, and distinguished members of the Subcommittee:

I am pleased to be appearing before you to discuss the President's Fiscal 2012 Budget Request for the National Endowment for the Arts of \$146.255 million, which includes support for direct NEA grants; partnerships with state and regional arts agencies; a second round of Our Town investment; as well as program support efforts, staff salaries, and administrative expenses.

As you know, this request is consistent with the agency's Fiscal 2008 budget and would be a decrease of 13% from our Fiscal 2010 level of appropriation. We have worked to make the smartest decisions possible within the current fiscal reality.

We have been guided in these decisions – as well as in the agency's grantmaking – by our newly revised strategic plan, which has as a central theme the agency's desire to gather and communicate even more data and analysis about the impact of federal funding on the arts. This data will also allow the agency to refine and focus our investments in the arts to increase the efficacy and impact of our grants.

The NEA's mission is to advance artistic excellence, innovation, and creativity throughout the country, and we are asking each of our grant recipients to tell us how they will further this in one of three ways:

- 1. through the creation of art that meets the highest standards of excellence,
- 2. by engaging the public with diverse and excellent art, and
- by promoting public understanding of the arts' contributions in the lives of individuals and in communities.

In Fiscal 2012, we will continue our investment in creative placemaking, through which we ask local political, civic, and arts leaders to work together to shape the social, physical, and economic characteristics of their communities. We will do this primarily through <u>Our Town</u>, which will invest \$5 million in some 35 communities across the country.

We piloted this work through a series of grants we made in conjunction with our Mayors' Institute on City Design, which has worked with mayors for the past 25 years. One of our MICD25 grants was made to Shreveport, Louisiana, where the headquarters of the regional arts council had burned down. The mayor of Shreveport decided to create an opportunity out of this tragedy, and he partnered with the arts council to apply to the NEA for funds to design an adaptive reuse of a historic firehouse to serve as the arts council's new headquarters. This building will also serve as the heart of a 7-block commons that would serve as a creative center for Shreveport and a gateway to the city.

The Commons will become a comprehensive arts district with rehearsal and studio space, performance and exhibition space, community services, religious institutions, restaurants, and businesses.

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There are similar stories throughout our MICD25 investments: Bethlehem, Pennsylvania is using NEA support to create a new town square with a major work of public art in front of its abandoned steel mill. Greensboro, North Carolina is creating a multi-use greenway to encircle its downtown and connect residential neighborhoods and business districts. Phoenix, Arizona is designing public art that will both beautify the downtown and simultaneously provide much needed shade for a weekly, outdoor market.

Throughout the country, mayors and towns are including the arts at the center of strategies to create more vibrant communities that will allow their citizens to prosper in place, and <u>Our Town</u> allows the NEA to partner with even more communities.

We are especially eager to make <u>Our Town</u> investments in rural communities and toward this end, have written the guidelines to allow entire counties to apply through a single application. Each application requires a lead public partner, and the 2012 guidelines will allow state arts agencies to be those lead partners and to receive funds directly for this work.

With a proposed appropriation that represents a 13% decrease from our current level of funding, we have had to make some difficult decisions. We have worked to cut smartly and did not simply apply a flat, across-the-board decrease to all of the agency's programs.

One example of this is our proposal for Shakespeare in American Communities. As you know, this is a wonderful program, administered by a Regional Arts Organization, that provides funding for a stand-alone Shakespeare touring initiative. However, touring productions of Shakespeare are something that the NEA also funds within our core grantmaking in the theater discipline. We are proposing that rather than continue as a stand-alone program, we will instead encourage applicants to the Shakespeare in American Communities program to apply directly to the NEA theater discipline for support for their Shakespeare projects.

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The state arts agencies are key partners in so much of the agency's work, in many cases despite the difficult budget realities that many states face.

State arts agencies, governors, and state legislators have come to the NEA for clarification on the requirements to receive NEA funding. The philosophy of the NEA's state partnerships has always been that a state arts agency is most effective when it is able to marry its state funds with federal support: a state arts agency is simply not a state arts agency when it receives no state support.

To emphasize this, we have requested a clarification in our legislation that specifies that the NEA's investment in a state arts agency must be matched at least one-to-one with funds that the state itself directly controls.

Understanding the unprecedented fiscal times in which we are operating, we are also seeking allowance to develop narrow guidelines for when this match may be temporarily waived. These would be published for public comment before being enacted.

We are also seeking a change to the NEA's Honorifics programs. As you know, since 1982, the NEA has awarded Jazz Master and National Heritage Fellowships to recognize the individual artists who have made exceptional contributions to their respective fields. In 2008, the NEA expanded its ongoing investment in these Lifetime Honors to also include the NEA Opera Honors.

This recent expansion sparked a conversation at the agency about the possibility of continuing to expand the Lifetime Honors to embrace the full spectrum of arts that the NEA supports. Toward that end, the NEA is seeking a legislative change that would allow the agency to honor artists who have made extraordinary contributions to American culture, regardless of discipline.

Let me end by touching briefly on two major areas of focus that require no additional investment in the NEA.

The first area is our collaboration with other federal agencies. Take, for example, the Department of Housing and Urban Development. As you know, Secretary Shaun Donovan is a huge champion of the arts and the role they can play in creating and sustaining vibrant communities.

When HUD released a Notice of Funding Availability for \$100 million for regional planning efforts, the arts were included explicitly alongside integrating housing and transportation decisions, and incorporating livability, sustainability, and social equity values into land use plans and zoning.

When HUD announced the results of this NOFA, the arts were the centerpiece of many of these grants including: <u>Hollywood, Florida</u>; <u>Rockford, Illinois</u>; <u>Evansville, Indiana</u>; <u>Greenfield, Massachusetts</u>; and <u>Radford, Virginia</u>.

I am also talking with Health and Human Services about the ways in which the arts and human development intersect; with the Department of Education about the key role that the arts play in providing a complete, 21st century education; with the Department of Transportation about the role of the arts and smart design in connecting communities and neighborhoods; and with the Department of Agriculture about the role that the arts can play in creating and enlivening gathering places in rural settings.

In short, the NEA is positioning itself at the intersection of the arts and the everyday, and we are eager to share the arts with our sister agencies.

Finally, I would like to call your attention to Blue Star Museums, which is a partnership among the NEA, Blue Star Families, and museums across this country to grant free admission to active duty military men and women and their families all summer long. Last year was the first year of this partnership, and we launched with some 600 museums participating and ended up with over a quarter of a million military family members participating.

We are still almost two months away from this year's launch, and we already have enlisted over 1,200 museums who will welcome military families this summer.

Let me end by thanking the Chairman, the Ranking Member, and the distinguished members of the Subcommittee for your ongoing support of both the Agency and the arts in general.

I am now happy to answer any questions you may have, and I look forward to our discussion.

Thank you.

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BIOGRAPHY FOR NEA CHAIRMAN ROCCO LANDESMAN

Rocco Landesman was confirmed by the United States Senate on August 7, 2009 as the tenth chairman of the National Endowment for the Arts (NEA). Prior to joining the NEA, he was a Broadway theater producer.

Mr. Landesman was born (July 20, 1947) and raised in St. Louis, Missouri. He pursued his undergraduate education at Colby College and the University of Wisconsin, Madison and earned a doctorate in Dramatic Literature at the Yale School of Drama. At the completion of his course work, he stayed at the school for four years, working as an assistant professor.

Mr. Landesman's ensuing career has been a hybrid of commercial and artistic enterprises. In 1977, he left Yale to start a private investment fund which he ran until his appointment in 1987 as president of Jujamcyn, a company that owns and operates five Broadway theaters: the St. James, Al Hirschfeld, August Wilson, Eugene O'Neill, and Walter Kerr theaters.

Before and after joining Jujamcyn, Mr. Landesman produced Broadway shows, the most notable of which are *Big River* (1985 Tony, Best Musical), *Angels in America*, a play in two parts which received the Tony for Best Play in 1993 and in 1994, and *The Producers* (2001 Tony, Best Musical). In 2005, he purchased Jujamcyn and operated it until President Obama announced his intention to nominate him to the NEA chairmanship.

Mr. Landesman has been active on numerous boards, including the Municipal Arts Society; an advocacy organization concerned with New York City's public spaces and preservation; the Times Square Alliance which has radically changed the heart of the city by improving its safety, sanitation, and aesthetic; The Actor's Fund; and the Educational Foundation of America. In addition and over the years, he returned to the Yale School of Drama and Yale Rep to teach.

Mr. Landesman has also vigorously engaged the ongoing debate about arts policy, speaking at forums and writing numerous articles, focusing mainly on the relationship between the commercial and not-for-profit sectors of the American theater. Mr. Landesman is married to Debby Landesman, formerly the executive director of the Levi Strauss Foundation and currently an independent consultant advising corporations and foundations on their philanthropic strategies. He has three sons, North, Nash and Dodge.

Mr. Landesman's biggest passions are theater, baseball, horse racing, and country music. On any given day he will insist that one of these is the perfect expression of American culture. At one time or another, he owned three minor league baseball teams, various racehorses, and a collection of Roger Miller long-playing records.

Mr. SIMPSON. Thank you, Mr. Chairman. I appreciate your testimony and thanks for the work you are doing with the arts. It is, as was mentioned both in my opening statement and Jim's, and in yours, that the arts have enjoyed bipartisan support in Congress. As I mentioned in my opening statement, that has not always been the case as you remember several years ago before you came, the arts went through some tough times. There was an effort by Congress to essentially eliminate funding for the arts, and it was not fought off by very many votes. I was not here at the time, but Jim was here at the time, and yeah, it was a pretty tough time. And we have come a long way in bringing back the arts and the support for the arts within Congress.

And I think part of the role of this committee is to make sure that we do not lose that support so that the programs that the NEA is involved in enjoy broad, bipartisan support. Some of those programs that enjoy bipartisan support are the Shakespeare in American Communities and the Big Read and Challenge America, grants that have widespread appeal because they reach underserved areas and communities in rural America. And as you know, rural America is kind of particular interest to me since I live in the second-largest city in Idaho, which is like 50,000, and that is like one-fifth the size of the largest city, and all the other cities are substantially smaller than that. So rural America is very important to me.

Could you briefly outline the status of each of these programs? The Shakespeare in American Communities, the Big Read, and Challenge America. What is the status of each of these, the specific level of funding budgeted for next year, and whether the NEA plans to discontinue any of those?

SHAKESPEARE IN AMERICAN COMMUNITIES

Mr. Landesman. We do not plan to discontinue any of them. Shakespeare in American Communities is one of the great NEA programs. I have seen the results of it across the country. The issue there was simply budgetary with our reductions. It was funded in the past through a third party. We are now folding it into our core grant-making. We are going to be able to save about \$400,000 by doing that in administrative costs. We are still very committed to Shakespeare in American Communities. I have seen the fruits of that work everywhere. It is a great program.

BIG READ

Similarly, with the Big Read, even with the budget cuts we are protecting the funding for that at the full level from the previous year. We are very committed to that program as we have been all along. So we are very committed to these programs. We just have to figure out the most creative way to continue to support them with the budgetary constraints that we have.

CHALLENGE AMERICA

Mr. SIMPSON. And the other one was the Challenge America. Mr. LANDESMAN. Which continues.

OUR TOWN

Mr. SIMPSON. Okay. One of the, I guess, just general questions I would like to talk to you about is, you know, I am one who actually believes that when you get hired, you get appointed, whatever, as Chairman of the NEA or the Secretary of the Department of Interior or any other agency in government, that you ought to have some freedom and flexibility to do what you think is necessary to be done with the agency and decide the direction that you would like to take it. Our Town is kind of your initiative and what you would like to do. I think what you are trying to do in building arts in the communities and stuff—this is a different role than the NEA has taken on in the past. Is this something that is better left to the other agencies like HUD and others that do that kind of thing? I mean, community development is kind of out of your realm, is it not?

Mr. Landesman. I do not think so. I think that the arts have a central role to play in the revitalization of communities, and we have seen examples of that everywhere, that the heart and soul of a community is often its culture. We saw that together in Boise with the Basque community and we saw it in Old Town with the building of the Torpedo Factory there and what the arts galleries did to that area. We have seen it in Lowertown in St. Paul, what that means to the fabric of that community, both economically and in terms of civic engagement. We have seen it in the South Bronx with the Art Handlers.

Mr. SIMPSON. Now, let me-

Mr. Landesman. We have seen the arts connect with the real world in important ways where they have really affected communities

Mr. SIMPSON. So let me ask you, I mean I agree with that, but in all of those things that you just mentioned, the NEA was not

involved in developing those.

Mr. Landesman. Well, what we have seen there is, on an anecdotal basis, the way the arts can profoundly affect communities. We want to take those great examples, the places where it has been done and been successful, and scale it out nationwide and to really bring the arts into the process of community rebuilding. We have a lot of data that has been gathered over a long period of time that where you have arts in a community three main things occur—that the social fabric of that community is enhanced. People who are engaged in the arts and in culture are more likely to vote, to join other cultural organizations or organizations of any kind. It is a weaver of civic fabric in those places. Arts have a big effect on child welfare. Juvenile delinquency and truancy decline markedly where there is a cultural presence. And finally, it is an economic driver.

And yes, a certain amount of this is going to happen in a haphazard way, but with a small amount of money, we want to be at the forefront of this process and we believe that when you are talking about a renewal of communities nationwide, you have to include the arts. And we feel the arts need to be there.

Mr. SIMPSON. And this \$5 million investment that you are going to make comes at the expense of other programs?

Mr. LANDESMAN. Yes, theoretically. We have to find the money within our budget. We did not get a new appropriation just for that. But I have felt—and you frame this almost as a philosophical point

Mr. SIMPSON. Right.

Mr. Landesman [continuing]. I felt almost from my first day on the job that we were going to make a case for the arts. And what we were doing was simply to proceed with business as usual, which meant funding a lot of the established institutions, what I used to call the big temples on the hill, you know, the big well-known institutions and so forth. Then, if there is an issue about the funding for those, I think people would say well, we care about the City Opera in New York City, but it is not at the front of our priorities right now given the budgetary constraints and the limited funds that we have all across the government. If, on the other hand, we can make the case about the intersection of the arts in the real world, in communities, in places, the Purple Rose Theater, you know, in Chelsea, Michigan and people can see in a very palpable, visceral way how integrated the Purple Rose Theater is into that 5,000-person community, then we have a completely different narrative and are making a completely different case.

And when I have gone across the country, and I go to mediumsized cities likes Greensboro and Winston-Salem, North Carolina; Bethlehem, Pennsylvania; not just Boise, but Jerome, Idaho where the arts are important, as I travel around the country, I see that the arts are not just in the big cities, in the big temples of the big cities, but are a part of the community fabric everywhere I go. And I think the NEA needs to be there as a champion for the arts in all these places and really the—what I am calling the intersection of the arts and the real world. And I think we have an important

role there. And Our Town is at the frontier of that for us.

ARTS IN RURAL AMERICA

Mr. Simpson. One of my concerns is that every program that we take on comes at the expense of some other program. And we have done a great job of getting arts out of the rural communities, and I do not want to sacrifice or injure those programs that are making a difference in Jerome, Idaho, as you mentioned, and other places all across America because the taxpayers of this country that pay the taxes that fund all of this have a right to see the benefits that the arts provide. And so I do not want to sacrifice the programs that I think have been doing a good job.

Mr. LANDESMAN. I do not think that is going to happen.

ROLE OF THE NATIONAL COUNCIL ON THE ARTS

Mr. SIMPSON. One other question before I turn it over to Jim, I understand that traditionally the NEA chairman relies a great deal on the advice of counsel from respected artists and art administrators that serve on the National Council of the Arts. I have heard that there is growing concern from within the council about the direction of the NEA, particularly a perception that the Endowment is reducing funding streams to the states or making decisions that the council does not support. What is the role of the council? How often does the council meet? Do you consult with the council on

proposals on specific things like creating the Our Town program or terminating other programs? What exactly is the role of the council

and how do you interact?

Mr. LANDESMAN. The main role of the council is to vote on the grants that are made in the various disciplines, which go through an exhaustive peer-review process. And it is up to the council to approve or disapprove of those. I do not believe that it is the role of the council to set general NEA policy, which is done by me and was, you know, set out pretty clearly when I came in with a fairly prescribed and intentional agenda. We do have conversations with the council members. We meet two or three times a year and I feel that I am very accessible to them on a daily basis. I always like to hear their thoughts. We do not agree about everything that the NEA is doing necessarily. But from my perspective, I am open to that dialogue at all times.

Mr. SIMPSON. Thank you. Mr. Moran. Mr. MORAN. Thanks, Mike. I do think you have shown some convincing accomplishments in terms of economic development, although some of my favorite NEA grants, I will just share quickly one. There was an application from a small group of Russian Jewish immigrants who came over here and suggested that they would teach the low performing Hispanic immigrant students how to perform in Chekov and Nabokov plays. I thought that is the most bizarre thing. But because it was so bizarre, they got a little bit of money over a two-year period. And these kids were learning stage presence; all of a sudden, both the principal and the super-intendent said they just blossomed. I mean, they went through a transformation when they acquired confidence. And they memorized these plays. They were going to drop out of high school and now they are all in college. Every single one of those kids that participated is in college.

QUALITY OF ART PROGRAMS

I wanted to ask you about a couple of things. The fascinating statistic that more people attend performing arts organization performance in this country than go to the movies; it is a great thing. I could not imagine. But it is interesting to consider that in light of the rather controversial suggestion that you made, which I happen to agree on, that in some communities we have too many fora for performing arts and, as a result, the quality sometimes gets too thin. Do you want to address that for a moment, what you mean by that?

Mr. Landesman. Not only the quality but also the support levels. One of the concerns that I have had as someone who has had a professional career in the theater, in the arts, is ensuring that the people who work in these organizations get a living wage, get a level of compensation that allows them to, you know, continue with some

dignity.

We have data that we have collected at the NEA—and others have collected it, too-that show that attendance, while very extensive as you point out in the performing arts and the visual arts, across much of the field has actually been declining while the number of institutions, organizations has been proliferating exponentially. And at a forum, I did raise the issue that perhaps there is a disconnect there, that if you are having lessening demand along with increasing supply that there would be a reckoning of that at some point. And my point was this should at least be talked about. There should at least be discussion about this. And the feedback—while some people have objected to that, it was actually a very controversial remark—I was glad to get that discussion out on the table. One of the few things I can do as the chairman of the NEA with the limited budget is to use the platform, the bully pulpit to start conversations like that. And I think people first got a little hysterical. Are there going to be death panels now at the NEA? Of course not. I do not think there should be a moratorium on that kind of conversation. Resources are very limited, and that is not to say that we should not be funding the biggest organizations or even the most viable organizations. We want to fund the most compelling ones. But it does not mean that we have to fund them all and that all have, you know, some kind of a right to exist if they cannot be supported.

REDUCTIONS TO UNDERSERVED COMMUNITIES

Mr. Moran. Good for you. Good. One other area I want to ask you about, under state and regional partnerships, you are proposing to cut funding for underserved communities by \$9.4 million. Under the rulebook of advancing, understanding, and appreciation of the arts, how do we justify cutting funding for population and communities that, by the very definition of the program, have been underserved in the past?

Mr. Landesman. You are talking about funding within the NEA? Mr. Moran. That is right, within the NEA under that line "Underserved Communities," it is cut by \$9.4 million I think it said. Mr. Landesman. I think we have been cutting across the board

Mr. Landesman. I think we have been cutting across the board and, you know, that must be a proportionate—the specifics of that is something I will get back to you on—

Mr. MORAN. Yeah, that is fine.

Mr. LANDESMAN [continuing]. But, you know, we have had to sustain cuts just about every place, many of them we do not want to make.

Mr. MORAN. Okay. In fact, all of the other questions you have addressed in your testimony, again, I think you are doing a phenomenally outstanding job as chair, Mr. Landesman, and I thank you for that.

Mr. LANDESMAN. Thank you.

Mr. Moran. Thanks, Mr. Simpson.

Mr. SIMPSON. Mr. Flake.

Mr. Flake. Yes, thank you. And I am sorry I missed the testimony.

Mr. Landesman. Good.

GRANTS TO ORGANIZATIONS AND UNIVERSITIES

Mr. Flake. We know that we are having to cut and the budget reflects that, but when you look through and see a lot of the grants that have been awarded, I think maybe we could stand a few more. For example, the International Accordion Festival, \$30,000 award; the Fabric Workshop and Museum, \$50,000 award; San Francisco Mime Troupe, \$50,000 award. Those just kind of lend themselves

to ridicule when federal taxpayers see us cutting popular programs and programs that they have counted on, like Social Security and Medicare. They see that coming but then they still see grants like

this. It is just tough to justify.

Now, I understand moving art to rural communities and whatnot. I grew up in a small town in Northern Arizona with limited opportunities in that regard. But then you see grants going to institutions like Boston University, New York University, Notre Dame, Columbia, Yale; all of these with substantial endowments. I think all of these have endowments exceeding \$1 billion. Let's take one in particular, Yale University. National Endowment for the Arts funded the U.S. première of the Autumn Sonata, this despite the fact that Yale has a \$16.7 billion endowment, a \$30,000 grant. How can we justify those kind of grants, particularly to institutions like that?

Mr. Landesman. I will try to answer most of them in not necessarily the right order. Taking the last one first, I happen to know about the Yale Rep because I was a professor at the Yale School of Drama for many years, so I am very familiar with the Yale Rep. The Yale Rep has to pay its own way and receives very little support from Yale University. And the School of Drama, likewise, has to raise a lot of its own funds. So the question was often asked while I was there is, you know, Yale is this incredibly rich institution. Why can they not pay for everything they are doing? But the drama school and the Repertory Theater, the professional theater there, has to raise its own funds and pay its own way. So an NEA grant to a production that they would be doing if the production is worthy and goes through the peer process, it seems to me is a very legitimate source of our funding.

Among the other grants you named, I am not familiar with all of our grants. We give 2,700 grants each year. They go through a peer process where peers evaluate the validity of the grants. They are not made by the chairman. The first two that you mentioned I am guessing were grants to underserved communities. The third one, the San Francisco Mime Troupe, was not a grant that I had any participation in, but I happen to know something about that. The San Francisco Mime Troupe is a world-renowned, first-class theater organization that has made a significant contribution to the field of dramatic arts and from my perspective, as a theater professional, I would think would be very worthy of support from the

NEA.

GRANTS TO UNIVERSITIES

Mr. Flake. Back to these grants to universities, is it the case with the other institutions as well that they have to seek their own

funding?

Mr. Landesman. I am not aware of us making grants to universities per se at all. We may do a particular production that is done at a professional theater that is housed at a university. University grant-making is much more done by the NEH, National Endowment for the Humanities, than by the NEA.

Mr. Flake. But still, I mean one could probably legitimately argue that if it did not have to go through the Federal Government or elsewhere, if it is a performing troupe at Yale University that

they could seek funding from the university just as easily, could

they not?

Mr. Landesman. They seek money from as many sources as they can. In many of these organizations we are a small part of the budget, but for a particular production, we can play a significant role, and I am glad to see that we are supporting what are disciplined people and our peer-group reviews are important contributions to the art.

Mr. Flake. Let me just say that it will be difficult when we get in the fiscal year 2012 budget when there are items like this in there. You understand that it is going to be tough. And for people who see other more essential programs that they feel are essential being cut, to justify giving \$30,000 to a theater troupe at Yale, even if it is not Yale, so just that thought.

Mr. Landesman. That is a true process.

REPEAT GRANT RECIPIENTS

Mr. Flake. How do you feel about these grants that seem in perpetuity to a lot of these groups just every year, and in some cases, increasing. I think there is a theater probably in New York—it may be in Congressman Serrano's district—I have gone after them before so I will be careful here. There is a theater there I think that has received more than 513,000 in NEA grants and it seems every year an increase. How do you feel about these grants in perpetuity? It would seem to be a good principle that, hey, you go three years and out for a while.

Mr. Landesman. Well, in the theater program, which I know a little about, the grants are made for particular productions so there is not a built-in perpetuity of that. Each production or each proposal is applied, you know, new each year. The appeal group makes a decision on that for that particular year. If an organization does a lot of work that they consider worthy, I am sure they are going to get repeat grants. But there are no grants that continue year to year. Each year that process comes up for the review process and the decision is made through our normal panel process.

Mr. FLAKE. But have you not, in the Challenge America Fast-Track program, stipulated that they cannot come back after three

years?

Mr. LANDESMAN. But in the Challenge America program, there is that stipulation but that is just a small part of the whole NEA grant-making process.

Mr. Flake. But even there they can come back, they can just switch categories and get funding for a different category, right?

Mr. Landesman. Theoretically, they could, yeah.

Mr. Flake. All right. Thanks. Mr. Simpson. Ms. McCollum.

GRANT SELECTION PROCESS

Ms. McCollum. Thank you, Mr. Chair. And to kind of follow up on that, they could switch but the panelists know, the judges know somebody is trying to pull a fast one. And I say that as a member on the Council of Arts and Mr. Tiberi also serves and you get a booklet that is about this thick—and I am not involved in doing the judging.

To the best of my ability, I kind of try to do a little bit of oversight as to what they are doing, where the grants are going, who did not get grants, and when you see all the wonderful, wonderful grants that are denied because there are not enough funds and the painstaking process in which they try to make sure that there is equity to the best of their ability throughout this country, large and small, that everyone gets a chance to participate, the judges in my opinion do a really good job.

And if you would like—because I know you kind of see the finals, you know, when it kind of comes through here in Congress—the staff would go out of their way to make available anything, or to come in and just sit and listen to the judges' discussion on it.

Now, having said that, I do not always agree with what they chose, but that is why I do not jury my own Congressional art show either and the five judges all came independently and picked out the same top three pieces of art. Which just goes to show that what I liked—two of them I had in my top ten; one I did not have at all, but after listening to the judges explain to the students why that one was chosen, I went wow. So if you want some more information on that, you might want to stop for a day when they are meeting next. It is in the spring, the next one, June?

Mr. Landesman. June.

ARTS AND COMMUNITY DEVELOPMENT

Ms. McCollum. Yes. I wanted to kind of make a couple of observations and then kind of generalize and then ask you a question. One of the things that I was very much involved in supporting was a Republican during the time I was on the city council in north St. Paul. We both got elected to the State House. He was from Lanesboro. They were trying to rehab an old theater. They were bringing in a bike trail, B and B's, all kinds of stuff. The economic development that they thought was just going to be in the spring and in the summer turned into the fall and into the winter for Lanesboro. And then they had local artisans and women doing quilts and all kinds of economic cottage industry growth from in and around the neighborhood. It was just phenomenal. So your point about the integration between HUD and transportation, how dollars are limited, but the need for sustainable, livable communities and getting the best investment for our federal dollars is critically important.

We have a rail project going through Central Corridor, which is going to be very disruptive, but the community kind of came together and said how do we celebrate this disruption? They have done it with photographs of people that are living on the corridor, both old-timers from the days of statehood all the way through to the vibrant community with the new immigrants that have lived and established businesses on it. I was not able to get over there, but I caught it on the news, they decorated the hardhats. And I will tell you, some of them were pretty whimsical, but all ages were

involved in doing that.

But to the point of getting transportation stops in an urban core where there is art and something of pride put in the community, our police department sees less gang activity. There are some correlations in there. I think the Our Town project from our perspective and whether or not we even receive a nickel from it is that it is an opportunity for communities when they are planning to be mindful of how to build sustainability, joy, reflection. Part of that is the arts because that is who we are with being creative.

So if you could maybe just talk a little bit more—I almost called

you Rocco—Mr. Landesman—

Mr. Landesman. Everyone else does.

Ms. McCollum [continuing]. About kind of what you are hearing working with the Secretaries. As you are going through the planning stage, are they open to being mindful of the arts?

LEVERAGING EFFECT OF ARTS FUNDING

Mr. Landesman. Well, with the limitations of our budget, we have to be creative. And I would like to tie to something that the chairman asked about before, which is why do we need Our Town to be in there working when a lot of this can happen spontaneously? And I think part of the answer is that the particular leverage that the NEA has. In Shreveport we put in—you know, maybe this firehouse would have been renovated without the NEA, but what happened was the NEA put in \$100,000 toward their renovation of this firehouse. The Educational Foundation of America came in with \$300,000. Another \$5 million was raised privately and locally based largely on the imprimatur of the NEA, on the validation of a federal agency that came in and said this is something worth doing. This is something the Federal Government stands behind. And that 100,000 became \$5.4 million very quickly. And that is the value of the NEA seal, and it can have a tremendous leveraging effect.

CREATIVE PLACEMAKING

The other part of the leverage is exactly what you just addressed, Congresswoman, that we need to find additional funding through our sister agencies where the limited resources we have can be leveraged when there is a coincidence of purpose. The Department of Transportation, for instance, is no longer just about engineering and road-building. It is also about quality of life. So if we encounter a beltway, a greenway around Greensboro, North Carolina that is going to be created out of old railroad beds or roads and there can be an aesthetic aspect to that—and we made a grant for decorative aesthetic work for the overpasses that you encounter along the roadway. This suddenly becomes also about the arts. And the arts have a role to play.

One of the things that we found is that when we are dealing with the more public of the arts, things like, you know, decorative aspects to an overpass or to a bridge or public art, public sculpture or architecture in general, all design aspects of the cities, these affect everybody. Whether they ever enter any kind of arts emporium or not, whether they never go to a play or to a museum, these are aspects of art that people encounter every day in their normal life.

aspects of art that people encounter every day in their normal life. The aesthetics of a town, of a place, we call it creative place-making because it is all about the place. And places need to have an aesthetic, need to have an aesthetic aspect. It affects how people feel about where they live, no less than the aesthetics in the Mayo Clinic affect the outcome of patients there. If you are in a nicer

place, if you are in a place you enjoy encountering, the arts have a role. And we are connecting with the Department of Health and Human Services about this, too. We are finding the arts have a role to play clearly—I think everyone knows it—in childhood development, in mental health, in geriatrics, and where there is an intersection of the arts and the work of other agencies, we want to be a multiplier there. We want to help maximize those resources wherever we can. And I think it is a very healthy process.

Mr. SIMPSON. Mr. Serrano.

Mr. SERRANO. Thank you, Mr. Chairman. Let me check something here a second.

Mr. SIMPSON. You are just trying to show us you know how to use one of those things.

IMPORTANCE OF ARTS IN AMERICA

Mr. Serrano. "I am a poor, tattered wretch, like the back of this waistcoat. I ask for nothing. I am better than that. I was young once. I went to the university. I had dreams. I thought of myself as a man. But now, now I want nothing, nothing but peace. Peace." I read that, Mr. Moran, when I was 12 years old. It is Chekov's on the harm of tobacco. And I grew up in a program called the South Bronx Community Action Theater where they took all these kids together and they put us on stage and they helped us build scenery and put on makeup and so on. And with my talent, I did not pursue it because it conflicts with my desire to eat. It has been at the center of my existence at who I am. It trailed down to my son who then ran for the city council and made sure that he became chairman eventually of the Cultural Arts Committee of the city council. And now he is the ranking member, was chairman. We lost the majority there, too—of the New York State Senate Cultural Arts. And so it was not strange to hear you say about the Russian immigrants because it was a Greek American who taught me how to read Chekov. And I was trying to get rid of my Spanish and Bronx accent at the same time when I was doing this so it was quite an experience.

All that to say that even during difficult budget times, we have to preserve and save and grow the arts because it was a great Puerto Rican composer, pop song composer, who said what probably everybody else has said. He said, "A people without the arts are a people without a soul." And it is at the center of who I am. I know it is at the center of who we are as Americans, and we just have to be very, very careful that as we make very difficult deci-

sions we do not destroy that which is so important to us.

Mr. Landesman. I did not anticipate encountering anyone today who was going to be referring to Chekov but since you did, Chekov said, "We must take the theater out of the hands of the greengrocer." And what he meant by that was that the marketplace should not be the sole determinant of what art is allowed to flourish. And one of the important aspects of the NEA is that it supports art that we as a society consider valuable and worth supporting even if the marketplace does not support it.

Mr. SERRANO. Right.

Mr. Landesman. The San Francisco Mime Troupe is a theater organization that has made a tremendous contribution to the art that

I am very proud of, probably would not be supported just in the marketplace that needs subsidy from both private and public sources. And the NEA I think is there to do that.

CONTINUATION OF THE NATIONAL HERITAGE FELLOWSHIPS

Mr. Serrano. Let me, before I ask you my only question, tell you that I am not as courageous as you think. I only read that part on the harmfulness of tobacco when he speaks about himself and not the gist of his whole presentation, which is what a miserable marriage he is involved in. And he ends with his wife waiting in the wings, you know, waving to come over. It is really a wonderful—yeah, I know. That is too much information.

Mr. Chairman, it is my understanding that the National Heritage Fellowship will be discontinued. As I understand it, a new fellowship that targets mid-career artists will be established. Several community organizations from my district as well as surrounding districts have reached out to me with their concerns that, in lieu of this reorganization, traditional cultural artists will be neglected. The National Heritage Fellowship has represented the NEA's commitment to underrepresented communities. I think that this commitment is an important one.

What was the reasoning behind the discontinuing of the National Heritage Fellowship? Is there any chance of offering a similar program or fellowship that recognizes and supports underrepresented communities and traditional cultural artists, even as we deal with the dollar issue?

Mr. Landesman. I recently met with the main players in the National Heritage field. We had a meeting at the NEA. They came in; they made a very articulate and passionate case to me. All I will say at this moment is I heard them and we are taking what they said under real consideration. The National Heritage awards are very important to us. They are part of the DNA of our Agency, part of our identity. I think they are extremely valuable and that is probably all I should say at this moment.

Mr. SERRANO. Okay. And as my colleague said, when we sit at these things, we do not make any judgments. So we are not making any judgments here, but keep in mind that there is one Member of Congress at least who is concerned that—

Mr. Landesman. Let me just say to answer the other part of your question to address how this process started. Again, we are facing significant budgetary cuts. At the same time, we want to widen the arena for these awards a little bit so we can include other arts, the visual arts, the art that I am, of course, most familiar, the theater, the performing arts, to be able to give awards to people who have made significant contributions all through a lot of the arts. And under the budgetary constraints, this was one solution that we broached. And by the way, the other arts, some of which we are eliminating as stand-alone entities, will also be included in these what we are calling Artist of the Year awards at the NEA.

GRANTS TO UNITED STATES TERRITORIES

Mr. Serrano. Yeah. Let me just end by saying something that I say at just about every hearing of any kind and something which

has caught on in the last few years. In fact, Speaker Boehner, when he was minority leader, was very good on this issue and that is remembering that we have not only 50 states but we have territories where American citizens live who participate in every aspect. And as you know, in our federal budget, the territories are always sort of an afterthought or an addendum—

Mr. LANDESMAN. We fund in those areas.

Mr. SERRANO [continuing]. Or a rider.

Mr. Landesman. We fund there.

Mr. SERRANO. Okay. Thank you so much.

Mr. LANDESMAN. Thank you.

ARTS AND COMMUNITY DEVELOPMENT

Mr. SIMPSON. Thank you. You know, it was in your conversations that you were just having with Representative McCollum, what you are trying to do in Our Town, we have done some things using a program that is now defunct because it was unfunded last year, Save America's Treasures. We have done some things in restoring theaters and those types of things throughout Idaho, some of which we took some criticism for, but it is really the seed money that starts that and it is local effort—fundraising and work done by local people to restore some of these great old theaters that are then used as community theaters and other things in a lot of the rural communities around the country.

Mr. LANDESMAN. The Egyptian Theater was not funded by the NEA I do not believe.

Mr. SIMPSON. Yeah. No, it was not.

Mr. Landesman. It is a great example, though, of connecting to neighborhood and urban, you know, to a town's revitalization as a centerpiece for that. And in some cases it is done privately. Some cases, as in Shreveport, it can be jumpstarted with an NEA grant and then there is a tremendous multiplier effect.

Mr. SIMPSON. There was a theater in Rupert, Idaho, town of about 3,500, the old Wilson Theater that had just been run down. If you looked at pictures of it, you wonder why they did not knock it down. We started with a couple hundred-thousand-dollar grant as seed money to help them, and they raised incredible amounts of money and have gone in and restored it and it is beautiful. Once they did that, the other owners of the buildings around it said gee, maybe we ought to do something with our—and now the whole center around their center park is gorgeous with the restoration.

And I will tell you just a quick story before I ask this question. I was with some of the old folks who were taking me through it during the renovation and they were telling me some stories, you know, like I met my wife up there, you know, and all that kind of stuff. But this guy said, you know, years ago there were three kids that snuck into the theater during some scary movie. They were up on the balcony, and one kid had a chicken under his coat, a live chicken, and in the middle of one of the scary parts, he took that out and threw it out in front of the projector so it is flapping on the screen and down on everybody. And we are all laughing. He says you know who that kid was? And I said who was that? Lou Dobbs. So I had LaTourette mention it to him when he was on his

program one day and he just sat there in stunned amazement that anybody knew about that.

ADMINISTRATIVE COSTS

Anyway, couple other questions. This comes not just for your Agency but what I am hearing about a lot of agencies that we are looking at budget reductions, that is the NEA's budget justification list five priorities for fiscal year 2012. Your first priority on page four is for the NEA to maintain its staff and to interact with the arts community and the public. Overall, your budget request returns funding levels to just about 2008 levels but does not reduce the number of staff to administer fewer funds. In fiscal year 2008, the NEA had 155 FDAs. Today, it has 169 FTEs. And this is the question that I am receiving from a whole bunch of different organizations, whether it is within Fish and Wildlife Service or anybody else is that we are reducing budgets, staffs are staying the same, and we are reducing programs that actually go out and do the work on the ground.

Mr. Landesman. Someone coming from the private sector as I have—this would be my first take on it, too, you know, what do you need all of this staff for?

Mr. SIMPSON. Yeah.

Mr. Landesman. I believe our request shows only a one percent increase from the 2011 to the 2012 administrative budget. It is very small. We are in a particular, I think, unique situation in that our funding was cut, as you know, in the mid-'90s almost in half. The staffing was cut commensurate to that, to reflect that. Since then, the number of grants we have been making in our funding has been increasing but our staff has not been. So our staff has been increasingly under pressure and duress to get out more and more grants with the same number of people. And believe me, I have some perspective on this coming from the private sector, but I think we are grossly understaffed. We are unable to make field visits-which the NEA used to routinely do-into the field to actually check out in person the grants. We really need more staff, I think, to do the work that needs to be done in the right way. We are making do with the staff we have. We think we are doing a tre-mendous amount with very, very little, and I think we are very, very efficient in how we operate and, you know, very lean. And if anything, we need more help, not less.

GRANTS TO INDIAN COUNTRY

Mr. SIMPSON. Another question following up on what Mr. Serrano mentioned, and that is art in underserved areas. One of the areas that is of a great deal of concern to me—in fact, there is a whole lot of art out there that needs to be supported in Indian Country. What are we doing in Indian Country?
Mr. LANDESMAN. Well, I think we need to be there.

Mr. SIMPSON. There at all now?

Mr. LANDESMAN. We are and we can provide you with the examples of that. We are. And one of the things, I think this has been a continuing theme at the NEA, not just with me but one of my immediate predecessors is to get our reach more and more out to the whole country and to rural areas and small towns and to make sure that the NEA is everywhere. And I have tried very hard personally to go out and around and show the flag everywhere we can. When we make a grant in Bethlehem, Pennsylvania in front of the big steelworks there, I want to make sure that I am there to commemorate that. And we try hard.

Mr. SIMPSON. Well, we have got a unique and great culture in

this country in Indian Country.

Mr. Landesman. Yes.

Mr. SIMPSON. And, in fact, it is different from tribe to tribe to tribe. And it is something we do not want to lose. And to the extent the NEA can help in making sure we preserve that and the great art, whether it is basket weaving or some of the silverworks done by the Navajos or other things, they are things that we need to make sure that we help them preserve.

Mr. Landesman. Well, and we have a whole department of folk and traditional arts beyond the honorifics that we have just been talking about, and that division makes significant grants in that area. We are very proud of them. We can get you a list of what

they are. But we feel we are very engaged with those.

Another example of work that would not be necessarily supported in the marketplace that needs some kind of protection or subsidy and the NEA is an important part of that.

ARTS IN SCHOOLS

Mr. SIMPSON. The NEA promotes arts in schools. Thousands of school-aged children have benefitted over the years from the toolkits and jazz in the schools, toolkits that the NEA has distributed free to thousands of teachers nationwide. How many of these toolkits were distributed last year to how many teachers and schools, and what are your plans to continue the distribution and use of this popular resource?

Mr. LANDESMAN. We are continuing that program. That will be free and I can give you the exact number. I do not know it offhand.

Mr. SIMPSON. If you would submit that for the record, we would appreciate it.

Mr. Landesman. Yes.

Mr. SIMPSON. Mr. Moran.

Mr. Moran. No, I am fine. I think, you know, I have heard enough and I do not really have any questions that have not already been answered. So I thank Mr. Simpson, the chairman.

Mr. SIMPSON. Mr. Flake.

GRANTS TO UNIVERSITIES

Mr. Flake. Yes. Let me get back to the universities. You mentioned that the one to Yale was on behalf of the Repertory Theater and it is listed as such. On the others, for example, Boston University to support the publication and promotion of the literary journal AGNI or Agni? I am not sure what that is. I am not literary, I guess, in that regard. But these grants are listed as going directly to the university, these universities with very large endowments. Another one, NTU with \$2.43 billion endowment, support the publication and promotion of 10th anniversary edition of the Bellevue Literary Review. When you see grants going—when taxpayers everywhere see grants going to universities like this that are doing

quite well, I can tell you it feeds the cynicism out there about ev-

erything we do here. And I just want your response to that.

Mr. Landesman. We support the small presses. The small presses are a very important part of—particularly in the poetry world, but in scholarship certainly, the small presses, you know, their survival is always in doubt. They are usually not part of the university per se, even if though they may have some university support—

Mr. FLAKE. But these grants—

Mr. Landesman [continuing]. Generally these small presses are located at a university but they are, again, semiautonomous organizations that get support wherever they can, from foundations, from private donors, in some cases from the Federal Government. We feel that the world of the small press is a very, very important one in literature and scholarship.

Mr. FLAKE. But the recipient listed is the university itself so the

grant actually goes to the university.

Mr. LANDESMAN. Yeah, I am sure that is a re-grant. I am sure that flows ultimately to the small press in question.

Mr. FLAKE. Okay.

Mr. MORAN. Would the gentleman yield to the chairman? Do we have any idea how much money we are talking about on these

grants?

Mr. Flake. Some of these are \$25,000, \$10,000, these are small grants, they are. It just begs the question of why, with these universities that are doing quite well relative to where we are here. It strikes me as not the best use of money, particularly if you are getting decreases in funding and some of the rural communities and the other places that it could be argued are in more need of these kinds of grants, to have grants to continue to flow to large universities with large endowments when the grant actually goes to the university, it just seems not right.

to the university, it just seems not right.

Mr. Landesman. The small presses, we feel, are a very, very important part of the arts and scholarship ecosystem. They always struggle for support. Usually, their budgets are very, very small. Our grants number is small. We feel committed to their importance

and to their support and hope we can continue it.

Mr. MORAN. If the chairman would yield further for just a moment. I guess the real issue is the peer-review process. I mean it is really not so much—

Mr. LANDESMAN. Yeah.

Mr. Moran [continuing]. Mr. Landesman and his staff make these decisions. I think it was us, the Congress, that said this should all be done on a peer-reviewed basis and they make those actual decisions.

Mr. Flake. Just back to the Accordion Festival—

Ms. McCollum. Mr. Chair, on your other point, because I think we might be missing a key function here on the other point and that is if the University of Minnesota has a press and there is a gift given to the University of Minnesota press, the university bylaws might say that it has to go through them because of the university's name to make sure of all their accounting and everything at the end for the money. Maybe what we should do is find out how the rules work for the money going through. That may or may not answer your question because if there is an endowment at the uni-

versity, but the university press cannot apply for it, then there is a nice endowment but they are excluded from it. Maybe that is something they should go back and see if they could change the endowment.

But if the check has to be—and I am thinking like for the Rail Corridor, the Metropolitan Council is the fiscal agent, so they are in charge of doing some of the programming, they are in charge of making some of the decisions, but they are not in charge of everything. I am kind of wondering if it is not. But if that is it, then I think we are having a discussion that just goes around in a circle without really addressing your question.

Mr. LANDESMAN. The Accordion Festival, what town is that?

Mr. FLAKE. In San Antonio.

Mr. Landesman. In San Antonio?

Mr. Flake. I was just going to make the point that whatever kills off the accordion, whether it is the market or somebody—should get our applause and not our derision, so there are some things that just need to go extinct. I am sorry.

Mr. SIMPSON. That is my 11-foot pole rule because I will not

touch that with a 10-foot pole.

Mr. SERRANO. You are going to hear from Argentinean tango lovers, from Polish Americans, from Mexican musicians. I mean I could go on and on and on.

Mr. SIMPSON. He is going to go after the bagpipes next.

Mr. Flake. I will stop there. Mr. Simpson. Ms. McCollum.

ARTS AND COMMUNITY DEVELOPMENT

Ms. McCollum. I was going to go back to the accordion, but you brought it up. I do not know what that exactly was about, but there are lots of different types of styles with accordion music and a lot of that goes to folk music and a lot of that goes to heritage which goes back to the whole preservation issue that we were talk-

ing about.

But I just wanted to point out the International World Choral Symposium was held in the Twin Cities several years ago and what that did for our country, having all the individuals who came in and participated—this was shortly after 9/11—what it did to our economy, to even our university system with people looking to be international students after that, was just incredible. You talk about the multiplier effect with buildings. But what we have seen with the arts is that the multiplier effect in communities, both rural and urban, has been significant and businesses wanting to locate where there is creativity.

Mr. Landesman. This is at the heart of what we are talking about the NEA. In Cincinnati, which is a city I know pretty well because my best friend grew up there, there is a section called Over-the-Rhine that used to be mainly drug addicts, prostitutes, mostly police actions, and a theater went in there and then an art gallery and then some artist housing. And the neighborhood was so completely transformed as to now be unrecognizable. And people bring their dates and walk around on the street there at night and that had been a place that nobody ever went. And we have a thousand examples like this in towns and cities across the country.

Providence, Rhode Island is an example where the arts can jumpstart a complete redevelopment of a neighborhood. So the downtowns are not hollowed out but have a cultural life, an anchor. The Egyptian Theater as the center of town, and not just the theater itself, it is the activity that goes around it. It is the foot traffic; it is the cafes that open up nearby. And the arts are transformative in these places. This is all about changing the place and rehabilitating neighborhoods. And, you know, there is no question that this happens.

And one of the interesting things—and you just referred to it— is we know that it is not that people follow businesses. Businesses follow people. They want to go where there is an educated, committed workforce. And the arts attract these people. The Knight Foundation in conjunction with Gallup just did a poll about why people choose to live where they live or what they like about where they live. And they did not say jobs interestingly enough. They said social offerings, openness, and aesthetics. And the arts have a role, a big role in making people like and appreciate where they are and

where they will stay.

When we look at small towns, one of the big issues in small towns all across the country is getting people to stay there, to commit to being there and not going off to the coasts or to a city. Arts, the aesthetics have a huge role to play in that. It is transformative of these communities. And it starts with the people and people are attracted to the arts. I like to subvert the expression from "Field of Dreams." You know, I am now going around saying if you come, they will build it. If you have the right people, the businesses will follow. And the people are attracted to arts clusters and to arts activities and the arts have a tremendous role to play everywhere.

Mr. SIMPSON. Mr. Serrano.

Mr. Serrano. I have nothing further nor am I reading anything else.

Mr. SIMPSON. Jeff, did you have something?

GRANTS TO UNIVERSITIES

Mr. Flake. Just one thing. Universities, even if they are passed through grants, typically, when they get a grant, they take a portion off the top for administration. Can you assure us that that is not happening in the case with a \$20,000 grant, \$25,000 to Columbia University to support composer portrait series?

Mr. Landesman. We will check into that. My guess is that it is

nil or very small. But we will get you that information.

Mr. Flake. Well, that would seem completely inappropriate if they have used a thing that hey, this is on its own but then they take a cut off the top.

Mr. Landesman. It is not our intention to further enhance the

endowment of Harvard University.

Mr. FLAKE. Thank you.

Mr. SIMPSON. Thank you, Mr. Landesman, for the work you do and thanks for being here today. We look forward to working with you on this coming year's budget, which will be difficult like it will for everybody. And thanks for the work you do.

Mr. Landesman. Thanks for having me.

Hearing Questions for the Record (QFR) Hearing: National Endowment for the Arts FY 12 Budget Oversight Wednesday May 11, 9:30am Rayburn B308

Questions for the Record from Chairman Simpson

OUR TOWN

One of the NEA's priorities for the next fiscal year is to establish a new program called "Our Town," using the arts for economic development in communities. Your budget request includes \$5 million for this new initiative—which was also a part of last year's budget request. Again, I'm concerned that this program, if funded, would ignore established law that clearly states that 40 percent of NEA program funds must be allocated to the states through their State Arts Agencies.

Simpson Q1: Does "Our Town" circumvent the 60/40 split that Congress put in place years ago? I'm concerned that ignoring this safeguard would undermine State Arts Agencies causing these funds to gravitate toward urban centers with already established arts infrastructures.

Simpson R1: Our Town is a funding program designed to enhance the vibrancy and livability of communities by using the arts as a strategy alongside other traditional efforts. As this signature program takes shape, I want to ensure that it has the funding required to be a viable program. The guidelines for the Our Town program, however, were written specifically to allow state arts agencies to apply competitively for this money. Thus, they are not being denied access to Our Town funding, but rather it will be available to them through a different process. Additionally, the guidelines also specified that whole counties, and not just municipalities, could apply for Our Town funding, so this program will reach deeply into and across States throughout the country. We have received applications from rural areas, suburban communities, as well as urban centers and anticipate making Our Town grant awards in all three types of areas.

Simpson Q2: It sounds like the NEA is proposing to spend \$5 million in grants largely for economic development. Isn't this function better left to HUD?

Simpson R2: No, the Our Town program seeks funding to award grants to communities across the country that wish to engage the arts as a resource to improve the livability and vibrancy of these communities. While economic development is often a derived benefit of these types of projects, the focus of Our Town is engaging the arts in a community to shape its social and physical characters, in addition to its economic character.

Simpson Q3: Should the NEA be pursuing new initiatives like "Our Town" at the expense of other popular programs with a proven record of success, many of which are being terminated or scaled back dramatically?

Simpson R3: One of the outcomes of the NEA's strategic plan is to strengthen communities through the arts and to make communities more livable. The Our Town program represents an important funding stream, previously missing, that the NEA will employ to accomplish this goal. Given the current fiscal reality, it is only reasonable that programs are scaled back to sustainable levels, and programs that overlap with other Agency funding streams are combined.

NEA PARTNERSHIPS

Your budget justification explains that the NEA has formed strategic partnerships with the Departments of Education, Agriculture, Defense, and Interior. It also mentions that in June, 2010 the Department of Housing and Urban Development announced funding availability for its Sustainable Communities Initiative, a partnership with both the Department of Transportation and the EPA.

Simpson Q4: Is the Department of Transportation and the EPA (which is funded by this subcommittee) now in the business of providing grants to support the arts in local communities?

Simpson R4: While the NEA has formed strategic partnerships with other agencies to discuss how the arts can play a role in their ongoing activities, the NEA remains the primary federal agency for supporting arts organizations in local communities.

Simpson Q5: What is the Sustainable Communities Initiative and how much annual funding does the NEA provide to it?

Simpson R5: The Sustainable Communities Initiative seeks to create strong, sustainable communities by connecting housing to jobs, fostering local innovation, and helping to build a clean energy economy. As part of its goal to foster local innovation, NEA has partnered with HUD to bring arts, culture, and design organizations into the conversation of how communities can become more livable. The NEA does not provide any annual funding to this partnership.

Simpson Q6: Can you submit for the record a list of each federal agency involved in similar partnerships with the NEA and the amount of annual funding they provide?

Simpson R6: While there are no similar partnerships the NEA is currently involved in, below is a list of all interagency agreements the NEA has been involved in for FY 2009 and FY 2010.

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NEA Programmatic Federal Partnerships FY 2009 - 2010

FY	# of IAs Transferring Funds FROM the NEA	Amount Transferred <u>FROM</u> the NEA	# of IAs Transferring Funds <u>TO</u> the NEA	Amount Transferred <u>TO</u> the NEA	Memoranda of Understanding (no funds)	Total Federal Partnerships
2009	6	\$790,000	12	\$2,720,735	0	18
2010	7	\$676,680	9	\$1,966,080	3	19
2009 thru 2010	13	\$1,466,680	21	\$4,686,815	3	37

NOTE: Includes *appropriated program* funds only; <u>ex</u>cludes **gift** funds.

FY 2009 NEA Programmatic Federal Partnerships

IAs	Department	Agency	Project Name	Funds from NEA	Funds to NEA
1	Appalachian Regional Commission	(independent agency)	Appalachian Gateway Communities Initiative	30,000	
2	Education	Office of Innovation and Improvement	Arts Education Partnership		350,000
3	Environmental Protection Agency	(independent agency)	Governors' Institute on Community Design		195,000
4	Institute of Museum and Library Services	(independent agency)	AFI Project: 20/20 (3rd year)		80,000
5	Institute of Museum and Library Services	(independent agency)	Big Read		500,000
6	Institute of Museum and Library Services	(independent agency)	Coming Up Taller		91,500

7	Interior	National Park Service	Save America's Treasures		809,123
8	Japan-US Friendship Commission	(independent agency)	Artists exchange	100,000	
9	Justice	Bureau of Prisons	Artists in residence	25,000	~.
10	Justice	Office of Juvenile Justice and Delinquency Prevention	Shakespeare Programming for At-Risk Youth		125,000
11	Library of Congress	(legislative agency)	National Book Festival	100,000	
12	National Endowment for the Humanities	(independent agency)	105 Voices of History Concert		5,000
13	National Endowment for the Humanities	(independent agency)	AFI Project: 20/20 (3rd year)		160,000
14	National Endowment for the Humanities	(independent agency)	AFI Project: 20/20 (4th year)		160,000
15	National Endowment for the Humanities	(independent agency)	Coming Up Taller		91,500
16	National Endowment for the Humanities	(independent agency)	Coming Up Taller administrative expenses		153,612
17	Open World	(legislative agency)	Artists exchange	500,000	

18	Smithsonian Institution	National Museum of American History	Jazz Masters Oral Histories	35,000	
18	18	programmatic interagency agreements for		790,000	2,720,735

FY 2010 NEA Programmatic Federal Partnerships

IAs	Department	Agency	Project Name	Funds from NEA	Funds to NEA
1	Appalachian Regional Commission	(independent agency)	Appalachian Gateway Communities Initiative	30,000	
2	Defense	Morale, Welfare and Recreation	Operation Homecoming: Phase II	0	0
3	Defense		Stars and Stripes	0	0
4	Education	Office of Innovation and Improvement	Arts Education Partnership		550,000
5	General Services Administration	(independent agency)	Excellence in Federal Design	90,000	
6	Institute of Museum and Library Services	(independent agency)	International Film Exchange Project (4th year)		80,000
7	Institute of Museum and Library Services	(independent agency)	Big Read		22,500
8	Institute of Museum and Library Services	(independent agency)	Coming Up Taller		91,500

19	19	programmatic interagency agreements		676,680	1,966,080
19	State, Department of	Bureau of Educational and Cultural Affairs (ECA)	Federal Advisory Council on International Exhibitions (FACIE)	0	0
18	Smithsonian Institution	National Museum of American History	Jazz Masters Oral Histories	231,680	
17	Open World	(legislative agency)	Artists exchange	100,000	
16	National Endowment for the Humanities	(independent agency)	Coming Up Taller administrative expenses		156,640
15	National Endowment for the Humanities	(independent agency)	Coming Up Taller		91,500
14	National Endowment for the Humanities	(independent agency)	International Film Project (5th year)		160,000
13	National Endowment for the Humanities	(independent agency)	105 Voices of History Concert		3,000
12	Library of Congress	(legislative agency)	National Book Festival	100,000	
11	Justice	Bureau of Prisons	Artists in residence	25,000	
10	Japan-US Friendship Commission	(independent agency)	Artists exchange	100,000	
9	Interior	National Park Service	Save America's Treasures		810,940

NEA STAFFING LEVELS

The NEA's budget justification lists five priorities for FY 2012. Your first priority (on page 4) is for the NEA to maintain its staff and to interact with the arts community and the public. Overall, your budget request returns funding levels to just above the FY08 levels but doesn't reduce the number of staff to administer fewer funds. In FY08, the NEA had 155 FTE; today the NEA has 169 FTE.

Simpson Q7: One could easily conclude that the NEA is using limited funds to maintain current staffing while cutting programs. With less funding and fewer programs to administer, should the NEA propose to maintain current staffing levels?

Simpson R7: NEA is always looking at ways to do its work more effectively and efficiently, and to use technology to reduce workload. While our funding request for FY 2012 is just above the FY 2008 appropriated level, our workload has not remained stagnant. The Agency's workload is driven primarily by applications for grant funding. In FY 2008, we received 4,781 applications for funding. Applications for FY 2010 funding increased by 1,550 to a total of 6,331. Likewise, we received 6,031 applications to date for funding in FY 2011. Given the current economic climate, we are not anticipating a reduction in the number of applications for funding. As such, we believe a staffing level of 169 FTEs is appropriate to effectively and efficiently carryout the mission and responsibilities of the Agency.

GRANTS FOR INDIVIDUAL ARTISTS

The NEA has been successful in recent years because of its emphasis on promoting arts for all Americans rather than individual artists. This was one of the reforms instituted by the subcommittee 15 years ago in response to controversy generated by specific grants to individual artists. In the past, you've been outspoken in your support for supporting individual artists. You have said, "We're the National Endowment for the Arts and our mandate is to support the arts, and the best way to support the arts is to support artists." My concern is that this change would undermine bipartisan support for the NEA.

Simpson Q8: Is it your intent to try to change this policy relating to funding individual artists? Does the Administration support your efforts? Why specifically do you believe grant funding should be provided to individual artists?

Simpson R8: It is not our intention to change the policy relating to funding individual artists. The Administration supports our request.

NEA REAUTHORIZATION

The NEA, like many other agencies funded through this bill, continues to receive federal funding even though it hasn't been authorized in years (last authorized in 1993, we believe).

Simpson Q9: Are you or the Administration reaching out to the appropriate authorizing committees in the House and Senate to pursue reauthorization this year?

Simpson R9: We have had no discussions with the authorizing committees in the House and Senate regarding reauthorization this year.

SALARIES AND EXPENSES

The request for Salaries and Expenses reflects a \$1.1 million increase over the FY10 enacted level. Two items within this account got my attention. The first was a request for \$55,000 for express mail charges. The second was \$460,000 for staff computers which are replaced every three years.

Simpson Q10: Why does the NEA need \$55,000 to pay for express mail charges as opposed to using regular mail or even using technology (e-mail, scanning images, etc)?

Simpson R10: The NEA uses priority mailing services to ensure secure and timely mailing of panel books containing grant application review materials to panelists, as well as for the return of these materials to the Agency from the panelists. Likewise, the Agency uses priority mailing services for the delivery of grant recommendations for review by members of the National Council on the Arts prior to their meetings.

In FY 2011 and FY 2012 we will begin implementing an e-review panel process. Through the use of technology, it is our intent to reduce the use of priority mailing services for shipping of panel materials; we should see a reduction in costs for this in FY 2013.

Simpson Q11: Is it possible to get more than three years of life out of the computers that the NEA uses? Can't these computers get software upgrades like computers used by Hill staff?

Simpson R11: In FY 2012, we budgeted \$460,000 for equipment costs of which \$250,000 is for the replacement of staff computers.

NEA is at a critical juncture with respect to both its hardware and software. We are moving to new cloud-based applications, modernizing our grants system, and implementing government requirements for a Trusted Internet Connection, two-factor authentication, and IPV6 capability. It is essential that our equipment meet the performance and compatibility demands of this new architecture and that our software be up-to-date. Two examples follow:

- We currently use Windows XP operating systems, which are not compatible with the
 latest version of Internet Explorer (IE) (ver 9) from Microsoft. We require the most
 current browser software to access cloud applications some of which use free open source
 code that require IE-9 to operate. In order to use IE-9, we need the latest operating
 system, Windows 7.
- The NEA is contracting to build an electronic work sample and panel review system.
 Electronic work samples (video in particular) are bandwidth and processor intensive products. Our current equipment is minimally able to handle the workload. When we move beyond a pilot this fall, the need for more powerful equipment becomes essential.

It is important to note that we have in the past extended procurements beyond three years when it made sense; however, at this time the upgrades are essential to operations. We need both hardware and software upgrades to handle the growing systems workload.

NEA PROMOTING THE ARTS IN SCHOOLS

Thousands of school-aged children have benefitted over the years through the Shakespeare toolkits and Jazz in the Schools toolkits that the NEA has distributed free to thousands of teachers nationwide.

Simpson Q12: How many of these toolkits were distributed last year to how many teachers and schools? What are your plans for continuing the distribution and use of this popular resource?

Simpson R12:

- Shakespeare. Last year, we distributed 7,000 Shakespeare in American Communities toolkits; 6,400 went to teachers in 5,627 different schools, and the remaining 600 are being used by participating theater companies. We plan to produce 7,000 more toolkits this summer. Since the inception of the program, 82,000 toolkits have been distributed to middle and high schools nationwide.
- Jazz. The last of the toolkits were distributed in 2008. Since then, the resource has been available exclusively online.

Questions for the Record from Mr. Flake

UNIVERSITY GRANTS

Reviewing the NEA's grant awards in 2010 and 2011 on the NEA website, there are a number of grants awarded either directly to or on behalf of institutions of higher education. It is my understanding that such institutions, take a portion of certain types of grant awards to cover "overhead" or administration costs.

Flake Q1: For all of the colleges and universities listed as grant recipients in 2010 and 2011, could you please provide details as to whether or not these institutions took out any overhead or administrative costs from an NEA grant before passing the funds onto the intended recipient?

Flake R1: In FY 2010 and FY 2011, the NEA awarded a total of 174 grants to colleges and universities (representing 3% of total grants awarded). All of the recipients, consistent with Federal government-wide policy, applied "indirect cost rates" to their project budgets. This is a method available to all colleges and universities receiving Federal financial assistance for allocating their administrative overhead costs within their project budgets. Each educational institution negotiates its indirect cost rate with the Federal agency from which it receives the greatest amount of Federal funds (the "cognizant agency"); the rates vary by institution and type of project. Virtually all NEA grants require a 1:1 match; universities and colleges typically use the contribution of their indirect costs to partially match the award.

REPEAT RECIPIENTS

Reviewing the NEA's grant awards in 2010 and 2011 on the NEA website, there appear to be numerous organizations that received NEA grants funding in both years.

Flake Q2: Could you please provide details as to which organizations were awarded NEA grants in both 2010 and 2011 and the sum of each of these awards?

Flake R2: In FY 2011, of all the organizations that have received (or have been recommended to receive) awards, 1,281 received NEA grants in FY 2010 as well. The amount awarded to these organizations in those two years totals approximately \$101 million. Note that "organizations" refers to those that receive awards through our direct grantmaking; it excludes the Partnership Agreements awarded to the State Arts Agencies and their Regional Arts Organizations. It also excludes Recovery Act awards.

Flake Q3: In addition, what percentage of all NEA grants awarded for 2010 and 2011 is made up of funds provided to recipients who have received one or more NEA grant in the past?

Flake R3:

Of all organizations that received grants in FY 2010:

- 17.2% received no grants in the previous ten years.
- 28.0% received no more than one grant in the previous ten years.
- 37.6% received two or fewer grants in the previous ten years.

Of all organizations that have received (or have been recommended to receive) grants in FY 2011:

- 13.1% received no grants in the previous ten years.
- 23.0% received no more than one grant in the previous ten years.
- 31.2% received two or fewer grants in the previous ten years.

Note that "organizations" refers to those that receive awards through our direct grantmaking; it excludes the Partnership Agreements awarded to the State Arts Agencies and their Regional Arts Organizations. It also excludes Recovery Act awards.

CONFLICT OF INTEREST

Flake Q4: With so many organizations having been awarded grants over consecutive years, how does the NEA ensure there are no conflicts of interest during the grant review and award process?

Flake R4: The Arts Endowment has several safeguards in place to ensure conflict-free application review.

There are three groups with responsibilities in the review of applications, and each has a role in the review for conflicts of interest:

- 1) Staff
- 2) Advisory Panelists
- 3) National Council on the Arts

Staff Review

Several offices in the agency are charged with the review for conflicts of interest at different points in the process:

 Program staff, who review for conflicts as they process applications, recommend panelists, and facilitate panel meetings.

- Office of Guidelines & Panel Operations staff, who review for conflicts when they approve
 panelists.
- Office of the Deputy Chairman for Programs & Partnerships staff, who review for conflicts when they approve panelists, and review and approve recommendations from panelists on applications.
- Ethics Officer, who is consulted for a determination if there is question as to whether a situation constitutes a conflict of interest.

In general, staff members do not have conflicts of interest with applicants. However, should a staff member have a conflict with an applicant, that staff member will not participate in any discussion or decision regarding the applicant.

Advisory Panelists' Review

Applications are reviewed by independent, national panels of artists and other arts experts.

There are three points of advisory panelist review for conflicts:

- Potential panelists are sent confidential lists of applicants to review for conflicts of interest. Individuals with conflicts are not invited to serve.
- 2) Once approved as conflict-free panelists, all panelists are sent the full applications and are provided with the Standards of Conduct for NEA Panelists and additional information regarding conflicts of interest. Panelists are asked to review the full applications for conflicts of interest.
- 3) At the panel meeting, panelists are provided with an orientation which begins with a discussion of conflicts of interest and reiterates the importance of conflict-free application review. Panelists are once again asked to review for conflicts of interest for a final time.

Throughout the review process, panelists are asked to contact staff immediately if they have questions regarding conflicts of interest.

If a conflict arises during the process, there are two mechanisms for ensuring conflict-free application review:

- 1) The panelist with a conflict is removed from the panel and is replaced.
- 2) The application with which there is a conflict is moved to another panel for review. (Application pools are often divided into groups and are reviewed by separate panels.)

National Council on the Arts Review

The National Council on the Arts, the Arts Endowment's advisory body, comprises nationally and internationally renowned artists, distinguished scholars, and arts patrons appointed to six-

year terms by the President, and members of Congress. The National Council on the Arts reviews and votes on the recommendations sent forward by panelists and staff.

Members of the National Council on the Arts are also given *Standards of Conduct* information and they provide us with lists of their conflicts. Those conflicts are indicated in the application materials sent to all Council members prior to their meetings. Council members do not discuss or vote on any applications with which they have conflicts.

APPLICANTS VS. AWARDS

During questioning, the subcommittee discussed the disparity between the number of grant applications submitted to the NEA and the number of grant applications actually funded by the NEA.

Flake Q5: Could you please provide the number of grant applications submitted versus grant applications funded for both FY 2010 and FY 2011?

Flake R5:

FY 2010 – 6,331 applications received; 2,731 grants awarded. FY 2011 – 6,031 applications received; 2,329 grants awarded.

NATIONAL ENDOWMENT FOR THE HUMANITIES, FISCAL YEAR 2012 BUDGET HEARING

WITNESS

JIM LEACH, CHAIRMAN, NATIONAL ENDOWMENT OF THE HUMANITIES

OPENING REMARKS OF MR. SIMPSON

Mr. SIMPSON. Committee will come to order. Chairman Leach, it is great to see you again. Those of us on this side of the table miss you in Congress but appreciate your continued service at the National Endowment for the Humanities. We are well aware of the environment in which today's budget hearing is taking place. By the end of this week, the subcommittee, as I mentioned earlier, will have conducted two dozen oversight hearings to weigh the merits of many of the agency's budgets under this jurisdiction.

As I said to the NEA Chairman Landesman earlier this morning, each of the endowments finds their budgets under intense pressure this year because of the fiscal challenges we are facing. Like the NEA's budget request, the NEH request, which is just slightly above the fiscal year 2008 funding level, reflects this reality. The success of the NEH in recent years has been a result of the endowment making a concerted effort to provide a selection of quality educational programs reaching a diverse cross-section of Americans without making overarching political statements.

The work of the NEH has enjoyed strong bipartisan support in Congress in recent years and my hope is that that will continue. My home State of Idaho has benefitted from a close working relationship with the NEH for many years. I am an enthusiastic supporter of the Idaho Humanities Council, which has a long history of awarding grants to organizations throughout our state to develop humanities projects and programs on the local level. I am grateful for this ongoing successful collaboration.

Our colleagues and I do have a number of questions to raise with you this morning and before receiving your testimony. I am happy to yield to Mr. Moran for any opening statement that he may have.

OPENING REMARKS OF MR. MORAN

Mr. Moran. Thank you, Chairman Simpson. Jim, I repeat Mike's welcome to you. It is great to have you with us and of course in the position you are in. As you know, I have been providing quotes relevant to our hearings. In terms of NEH the noted author and historian David McCullough was asked how he could attribute the success of his writing career to, and he said, "I just thank my father and my mother, my lucky stars that I had the advantage of an education in the humanities. It is what made all the difference."

He hits upon an important point. In what is becoming an increasingly technologically dependent world, where it seems that apps are being developed for every purpose imaginable, we still need the wisdom and the enlightenment that the humanities can offer, that cannot be replicated by machines or any form of technology. It can

be repeated, but it cannot be created.

In our schools, we place a great emphasis on math and science, but we place far less on the humanities. And in its own way, the National Endowment for the Humanities tries to correct this imbalance with support for programs that engage young people in the importance of history and of culture. Even in what are considered to be difficult fiscal times where we are engaged in two wars, our military leadership recognizes that it is not enough to just win on the battlefield. We also have to win the hearts and minds of the citizens in foreign lands—even with those that which we find ourselves in conflict.

And that is why training and exposure to the history of culture of the society can play such an important role. NEH provides a national leadership role in advancing education and understanding the humanities. For this fiscal year the NEH like its sister agency the National Endowment for the Arts will face the prospect of doing more with less. And while there are some who would say these programs are expendable, I think when you look more closely at them, each of them has incredible reasons for being funded and are important in their own ways.

The humanities have been described as the nourishment for the roots of our culture. We know what happens to a plant when it is starved of nourishment. It shrivels and dies, and we cannot afford to let that happen to the cultural life for our society. So thanks to our former colleague, Mr. Leach, I appreciate the fact that you are chairing the National Endowment for the Humanities. Thanks Mr.

Chairman.

Mr. SIMPSON. Mr. Chairman.

STATEMENT OF NEH CHAIRMAN JIM LEACH

Mr. Leach. Thank you. Mr. Chairman, Mr. Moran, Ms. McCollum, Mr. Flake, first I would like to request unanimous consent to put my full statement in the record. It is my intention to read from parts of it and expand somewhat on one of its central themes. Secondly, I would like to express my great honor in working with our Chairman of our sister institution the NEA, Rocco Landesman, and I concur with everything he said this morning.

It is an honor to appear before this subcommittee once again to appear on behalf of the NEH and our budget request for this coming fiscal year. The justification we submitted to Congress in February describes in detail our current activities and plans. I would like to take a moment of the committee's time simply to discuss some of the key features of our fiscal 2012 request and explain why I believe the humanities are critically important to the health and well-being of American society.

First, let me emphasize the NEH recognizes its obligation to embrace budgetary restraint. The funding the administration has requested for fiscal year 2012 represents a 13 percent reduction from last year's appropriation. To do more with less is always a chal-

lenge, but we are appreciative of the fact that in the humanities even modest support can make a marked difference in sustaining America's cultural resources.

Indeed we believe that few governmental institutions have had more impact at less cost than NEH. The Endowment's grants provide a margin of possibility that enables individuals, organizations, and institutions to undertake important work in the humanities. With annual spending that last year approximated 1/21,000th of the Federal Budget, barely more per capita than the cost of a postage stamp, NEH has made significant contributions to the democratization of ideas; stimulating research and the dissemination of knowledge through books, prize winning films and radio documentaries, and civic education programs ranging from those designed to help wounded veterans cope with physical and mental trauma to symposiums on the Islamic world.

NEH is in the business of providing the perspective of studies in the humanities to the challenges facing American citizens in our country in these change-intensive times. We are convinced that the Endowment's investments in the realm of ideas pay dividends. Our grandparents understood the importance of support for the arts and the humanities during the country's most traumatic economic moment—the Great Depression—a vastly greater percentage of the Federal Budget was devoted to the arts and the humanities than

today.

Depression era public programs sustained such writers as John Steinbeck, Zora Neale Hurston, and Saul Bellow, and such artists as Grant Wood, Jacob Lawrence, and Louise Nevelson. In a similar tradition, the NEH since its inception in 1965 has supported research and scholarship that had resulted in over 7,000 books of which 18 have been awarded Pulitzer and 20 Bancroft Prizes and the editing of literary landmarks, such as the current best-selling autobiography of Mark Twain. The endowment has supported comprehensive, authoritative editions of papers of our nation's founders: presidents from George Washington to Dwight Eisenhower; military leaders like George C. Marshall; literary giants such as William Faulkner; scientists like Albert Einstein; social figures like Jane Addams; and civil rights pioneers such as Martin Luther King, Jr.

During a time of rapid global change and persistent uncertainty about the future, the vitality of our 21st century democracy depends on a commitment to understanding the historical and cultural forces that have shaped and continue to shape our world. NEH's new agency-wide theme "Bridging Cultures" is designed to renew and reinforce the bridges between the different cultures and

viewpoints that are part of the fabric of American life.

These bridges of mutual respect have deep roots in the American tradition of civility dating back to the Founders' concerns about the destructive powers of what George Washington used to label "factions" in our democracy. Bridging cultures is also designed to strengthen bridges across international lines to enhance citizen understanding of the contemporary global context for economic, political, and cultural interactions among peoples.

While bridging cultures will be a special emphasis of our activities in fiscal year 2012, the Endowment will continue to provide

support for high quality projects in the full range of humanities programming from basic research to support for instruction at the high school level. Nevertheless, the endowment's \$146.255 million budget request reflects a recalibration of the agency's programming

Notably the agency's We the People Initiative will be discontinued as an agency theme, although several of its most successful programs will be maintained. The National Digital Newspapers Program and Landmarks of American History and Culture Workshops for teachers, for example, have now been fully integrated into the regular operation of the Endowment's Programs divisions and will continue to be funded in fiscal year 2012.

And a third We the People project—Picturing America—enjoys the ongoing partnership support of the Verizon Foundation through its funding of the NEH's "EDSITEment" Website portal. As a further indication of this project's broad impact, we are pleased to note that the Picturing America materials have been translated into four languages—Arabic, French, Portuguese, and Spanish—for

use by U.S. Embassies abroad.

We are a small agency with a big mission. Our job is to help build an infrastructure of ideas and lead in their democratization, by providing as many citizens as possible access to new as well as old knowledge, and creative thought. We do this by funding basic research that leads to books and scholarly articles, documentaries, preservation of historic landmarks and languages, and even archeo-

logical finds.

We complement knowledge and perspective development with programmatic outreach to colleges and universities, libraries and museums with interpretive exhibitions, ad-hoc teacher institutes, peer reviewed model course programs, and with State Council programming. Indeed in 2010, the State Humanities Councils conducted programs in 5,700 communities nationwide including 17,700 reading and discussion programs, 5,700 literacy programs, 5,800 speakers bureau presentations, 5,800 conferences, 2,300 Chautauquas, 7,120 media programs, 7,600 technology, preservation, and local history events, and 4,600 exhibitions on a wide variety of themes.

The State Humanities Council programs reach millions each year, and tens of millions of Americans annually watch NEH supported documentary films on television and in classrooms, or listen to radio programs that make the humanities accessible and uplifting. Many of these productions have won the nation's most prestigious awards for context and artistic quality and have become invaluable historical and cultural resources for continual use over the vears in classrooms.

For example, recent programs, broadcast on PBS have included acclaimed documentaries on 20th Century U.S. Presidents, the Life of Robert E. Lee, and The Rape of Europa, a film about the theft, destruction, survival, and recovery of Europe's art treasuries during the Third Reich. Next week on May 16, PBS stations nationwide will broadcast the NEH supported documentary Freedom Writers, the story of the hundreds of civil rights activists, two of whom, by the way, are now members of Congress, who challenged segregation in interstate transportation in the American South

during the spring and summer of 1961.

The Freedom Riders project also includes an interactive website at which the documentary will be made available in streaming video; a series of panel discussions and screening events hosted by universities, museums, and State Humanities Councils around the country; and a traveling panel exhibition for libraries created in association with the Gilder Lehrman Institute of American History in New York. Even prior to its pubic unrolling, the Freedom Riders documentary has already won awards including that of the Best Documentary at the Sundance Film Festival.

And, not incidentally, the NEH has earned a reputation in the United States and abroad for its leadership in one of the youngest fields of scholarship, the Digital Humanities. Its digital work, as that of our initiative with the Verizon Foundation in support of model lesson plans at the K through 12 level, has become a model for the private sector and for emerging activities in a number of

other nations.

These are but a sampling of the projects and programs we offer as evidence of NEH's broad and constructive impact. Simply stated, NEH programming adds to the storehouse of knowledge enabling Americans to better understand and succeed in today's complex and interdependent world.

Americans are understandably concerned about the high unemployment rate. We would submit that one of the myths of our times is that the Liberal Arts are impractical, unrelated to subsequent work environment. Actually, they are not only practical, but central

to long term American competitiveness.

It is true that many jobs such as building trades are skill centered, but job creation itself requires perspective and understanding of community and the world. Change and its acceleration characterize the time. With each passing year, jobs evolve, becoming more sophisticated. Training for one skill set may be of little assistance for another. On the other hand, studies that stimulate the imagination and nourish capacities to analyze and think outside the box suit well the challenges of change. They make coping with the unprecedented a manageable endeavor.

What is needed in a world in flux is a new understanding and emphasis on the basics in education. Traditionally, the basics we have thought about is the three R's. They are critical. Nonetheless, they are insufficient. What are also needed are the studies that provide perspective in our times and allow citizens to understand their own communities, other cultures, and the creative process.

To understand and compete in the world, we need a fourth R, which for lack of a precise moniker might be described as "reality," which includes not only relevant knowledge in the world near and far, but the imaginative capacity to put oneself in the shoes of others and creatively apply knowledge to discrete endeavors.

Rote thinking is the hallmark of the status quo. Stimulating the imagination is the key to the future. To compete, the basics matter. And what better way is there to apply perspective to our times than to study history of prior times? What better way is there to learn to write well than to read great literature? What better way is there to think critically and to understand American traditions

than to ponder Locke and Montesquieu and their influence on our constitutional system?

How can we compete in our markets if we do not understand our own culture and its enormous variety of subcultures, or abroad if we do not understand foreign languages, histories, and traditions? How can we understand our own era and the place of our own values if we do not study the faith systems of others? And does not art making and art appreciation instill a sense for the creative process?

The insights provided by the humanities and the arts disciplines and the capacity to analyze, correlate, and express developed in humanities studies are not dismissible options for society. They are

essential to revitalizing the American productive engine.

I would also note that jobs in our economy come in many varieties. Those in the education industry are workers just as those who are carpenters and machinists. It is our conviction that there are few more important roles that Government can play than to provide for an educated citizenry. Just as we need an infrastructure of roads and bridges to transport goods and people, we need an infrastructure of ideas to strengthen our social fabric, fortify our economy, and transmit the values of citizenship.

As NEH's founding legislation affirms, "Democracy demands wisdom and vision in its citizens." To pass on the American dream to future generations and lead the world on our own depends in no small measure on our ability to lead in the realm of ideas and of the spirit. In this endeavor, the NEH plays a modest but nonethe-

less central role. Thank you.

[The statement of James A. Leach follows:]

Summary Statement of James A. Leach Chairman, National Endowment for the Humanities Before the Appropriations Subcommittee on Interior, Environment, and Related Agencies U.S. House of Representatives May 11, 2011

Mr. Chairman, Mr. Moran, and Distinguished Members of the Subcommittee:

First, I request permission to revise and extend my remarks and then I would like to read from parts of the full statement and expand somewhat on one of its central points.

Secondly, let me say how honored I am to follow this morning Rocco Landesman, who is doing such a superb job heading our sister institution, the National Endowment for the Arts.

It is an honor to appear before this subcommittee once again to speak on behalf of the National Endowment for the Humanities and our budget request for the coming fiscal year.

The justification we submitted to Congress in February describes in detail our current activities and plans. I would like to take a moment of the committee's time today to discuss some of the key features of the FY 2012 request and to explain why I believe the humanities are critically important to the health and well-being of American society.

First, let me emphasize that the NEH recognizes its obligation to embrace budgetary restraint. The funding the Administration has requested for FY 2012 represents a 13 percent reduction from last year's appropriation.

To do more with less is always a challenge, but we are appreciative of the fact that in the humanities even modest support can make a marked difference in sustaining America's cultural resources. Indeed,

we believe that few governmental institutions have had more impact at less cost than NEH. The Endowment's grants provide a margin of possibility that enables individuals, organizations, and institutions to undertake important work in the humanities. With annual spending that last year approximated 1/21,000th of the federal budget—barely more per capita than the cost of a postage stamp—NEH has made significant contributions to the democratization of ideas, stimulating research and the dissemination of knowledge through books, prizewinning film, radio documentaries, and civic education programs, ranging from those designed to help wounded veterans cope with physical and mental trauma to symposiums on the Islamic World.

NEH is in the business of providing the perspective of studies in the humanities to the challenges facing American citizens and our country in these change-intensive times. We are convinced that the Endowment's investments in the realm of ideas pay dividends. Our grandparents understood the importance of the arts and the humanities in times of national tribulation. During the country's most traumatic economic moment—the Great Depression—a vastly greater percentage of the federal budget was devoted to the arts and humanities than today. Depression Era public programs sustained such writers as John Steinbeck, Zora Neale Hurston, and Saul Bellow, and such artists as Grant Wood, Jacob Lawrence, and Louise Nevelson.

In a similar tradition, the NEH since its inception in 1965 has supported research and scholarship that has resulted in over 7,000 books, of which 18 have been awarded Pulitzer and 20 Bancroft prizes, and the editing of literary landmarks, such as the current, bestselling *Autobiography of Mark Twain*. The Endowment has supported comprehensive, authoritative editions of papers of our nation's founders, presidents from George Washington to Dwight Eisenhower, military leaders like George C. Marshall, literary giants such as William Faulkner, scientists like Albert Einstein, social figures like Jane Addams, and civil rights pioneers such as Martin Luther King, Jr.

During a time of rapid global change and persistent uncertainty about the future, the vitality of our twenty-first century democracy depends on a commitment to understanding the historical and cultural forces that have shaped, and continue to shape our world. NEH's new agency-wide theme, *Bridging Cultures*, is designed to renew and reinforce the bridges between the different cultures and viewpoints that are part of the fabric of American life. These bridges of mutual respect have deep roots in the American tradition of civility, dating back to the Founders' concerns about the destructive powers of what George Washington used to label "factions" in our democracy. *Bridging Cultures* is also designed to strengthen bridges across international lines to enhance citizen understanding of the contemporary global context for economic, political and cultural interactions among peoples.

While Bridging Cultures will be a special emphasis of our activities in FY 2012, the Endowment will continue to provide support for high quality projects in the full range of humanities programming, from basic research to support for lesson plans at the high school level. Nonetheless, the Endowment's \$146.255 million FY 2012 budget request reflects a recalibration of the agency's programming mix. Notably, NEH's We the People initiative will be discontinued as an agency theme, although several of its most successful programs will be maintained. The National Digital Newspapers Program and Landmarks of American History and Culture workshops for teachers, for example, have now been fully integrated into the regular operations of the Endowment's program divisions and will continue to be funded in FY 2012. And a third We the People project—Picturing America—enjoys the ongoing partnership support of the Verizon Foundation through its funding of the NEH's EDSITEment website portal. As a further indication of this project's broad impact, we are pleased to note that Picturing America materials have now been translated into four languages—Arabic, French, Portuguese, and Spanish—for use by U.S. embassies abroad.

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Indeed, in 2010, the state humanities councils conducted programs in 5,700 communities nationwide, including 17,700 reading and discussion programs; 5,700 literacy programs; 5,800 speakers bureau presentations; 5,800 conferences; 2,300 Chautauquas; 7,120 media programs; 7,600 technology, preservation, and local history events; and 4,600 exhibitions on a wide variety of themes.

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And, not incidentally, the NEH has earned a reputation in the U.S. and abroad for its leadership in one of the youngest fields of scholarship, the digital humanities. Work in the digital humanities, like our initiative with Verizon in support of an extraordinary array of lesson plans at the k-12 level, has become a model for the private sector and for emerging activities in a number of other nations.

These are but a sampling of the projects and programs we offer as evidence of NEH's broad and constructive impact. Simply stated, NEH programming adds to the storehouse of knowledge, enabling Americans to better understand and succeed in today's complex and interdependent world.

Americans are understandably concerned about the high unemployment rate. We would submit that one of the myths of our times is that the liberal arts are impractical, unrelated to a subsequent work environment. Actually, they are not only practical but central to long-term American competitiveness.

It is true than many jobs such as in the building trades are skill-centric, but job creation itself requires perspective, an understanding of community and the world. Change and its acceleration characterize the times. With each passing year jobs evolve, become more sophisticated. Training for one skill set may be of little assistance for another. On the other hand, studies that stimulate the imagination and nourish capacities

to analyze and think outside the box suit well the challenges of change. They make coping with the unprecedented a manageable endeavor.

What is needed in a world in flux is a new understanding and emphasis on the basics in education. Traditionally, the basics are about the three "R's." They are critical. Nonetheless, they are insufficient. What are also needed are the studies that provide perspective on our times and allow citizens to understand their own communities, other cultures, and the creative process.

To understand and compete in the world we need a fourth "R," what for lack of a precise moniker might be described as "reality" – which includes not only relevant knowledge of the world near and far but the imaginative capacity to put oneself in the shoes of others and creatively apply knowledge to discrete endeavors.

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How can we compete in our own markets if we don't understand our own culture and its enormous variety of subcultures, or abroad if we don't understand foreign languages, histories and traditions? How can we understand our own era and the place of our own values if we don't study the faith systems of others. And, does not art making and art appreciation instill a sense for the creative process?

The insights provided by humanities disciplines and the capacity to analyze, correlate, and express developed in humanities studies are not dismiss-able options for society; they are essential to revitalizing the American productive engine.

Jobs in our multifaceted economy come in many varieties. Those in the education industry, for instance, are workers just as those who are carpenters and machinists. There are few heavier responsibilities of government than to provide for an educated citizenry. Just as we need an infrastructure of roads and bridges to transport goods and people, we need an infrastructure of ideas to strengthen our social fabric, fortify our economy, and transmit the values of citizenship.

As the NEH's founding legislation affirmed: "Democracy demands wisdom and vision in its citizens." To pass on the American dream to future generations and lead the world in our own depends in no small measure on our ability to lead in the realm of ideas and of the spirit. In this endeavor, the NEH plays a modest but nonetheless central role.

Thank you.



NATIONAL ENDOWMENT FOR THE HUMANITIES



JIM LEACH CHAIRMAN, NATIONAL ENDOWMENT FOR THE HUMANITIES

Jim Leach is the ninth Chairman of the National Endowment for the Humanities.

Nominated by President Barack Obama on July 9, 2009, and confirmed by the Senate in early August, Leach began his four-year term as NEH Chairman on August 12, 2009.

Leach previously served 30 years representing southeastern lowa in the U.S. House of Representatives, where he chaired the Banking and Financial Services Committee, the Subcommittee on Asian and Pacific Affairs, the Congressional-Executive Commission on China, and founded and co-chaired the Congressional Humanities Caucus.

After leaving Congress in 2007, Leach joined the faculty at Princeton University's Woodrow Wilson School, where he was the John L. Weinberg Visiting Professor of Public and International Affairs until his confirmation as NEH chairman. In September 2007, Leach took a year's leave of absence from Princeton to serve as interim director of the Institute of Politics and lecturer at the John F. Kennedy School of Government at Harvard University.

Leach graduated from Princeton University, received a Master of Arts degree in Soviet politics from the School of Advanced International Studies at The Johns Hopkins University, and did additional graduate studies at the London School of Economics.

A member of the American Academy of Arts and Sciences, Leach holds ten honorary degrees and has received numerous awards, including the Sidney R. Yates Award for Distinguished Public Service to the Humanities from the National Humanities Alliance; the Woodrow Wilson Award from The Johns Hopkins University; the Adlai Stevenson Award from the United Nations Association; the Edgar Wayburn Award from the Sierra Club; the Wayne Morse Integrity in Politics Award; the Norman Borlaug Award for Public Service; and the Wesley Award for Service to Humanity.

A three-sport athlete in college, Leach was elected to the Wrestling Hall of Fame in Stillwater, Oklahoma, and the International Wrestling Hall of Fame in Waterloo, lowa. Leach resides in Iowa City and the Washington, D.C., area with his wife Elisabeth (Deba), son Gallagher, and daughter Jenny.



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CIVILITY TOUR

Mr. SIMPSON. Thanks, Mr. Chairman. You took on a task few of us would take on the civility tour. You went to, I think, 50 States. Have you been to every State?

Mr. LEACH. I have been to 49 and the 50th will be accomplished this weekend.

Mr. SIMPSON. All right. How has that gone? What have you learned from it?

Mr. Leach. Well, I like your reference of what I have learned because when you visit other places it is astonishing what perspective you get back. I will tell you that one of the clear things to me is that there is a sense in America that something has broken down and some of it we are all responsible for. I think the best and the brightest have let the country down a bit in business and in Government over the last couple of decades.

Having said that, I also think the country wants to pull together, not apart. And everywhere I go I hear people expressing things in very profound ways about their own communities, about their own lives. And it is my own personal perspective that whether we are talking about a business, any kind of institution including governance that it is important to have great diversity and it is also important to pull together. And to the degree we cannot pull together, we are going to have difficulty leading our own society and leading the world

Now, pulling together does imply having lots of different views expressed and it also implies the capacity to make decisions and it is the decision-making aspect that is a little bit in doubt today.

Mr. SIMPSON. It is an interesting dilemma that I think all of us in politics kind of wonder about. Everybody talks about, you know they have never seen Congress as an example. I do not know if that is true or not. Congress is one of those places where you expect, just as you said, diversity of opinion and active and passionate debate. We represent the diverse points of views of those we represent across this country. We have our differences of opinion and still respect other people's opinions.

But as I sit and watch some of the—to tell you the truth I sit and watch some of the news media on some of the cable shows and stuff like that. I wonder how, if you watch that long enough, how you do not become uncivil. And I mean that bothers me as well as some other things. And I sense this just from reading emails and letters that we get now versus what we got 10 years ago or 13 years ago when I first came to Congress. The tone of them is substantially different, and yet I have always considered one of our greatest strengths as a country is our diversity. But it is also the biggest challenge that we face.

As I said, you have taken on a task that I am not sure many people would in trying to help address this problem, but it is—we all have to be part of that solution.

Mr. LEACH. Well, you have expressed it very well and you have concluded very wisely.

"WE THE PEOPLE" INITIATIVE

Mr. SIMPSON. Let me ask you about—you mentioned in your testimony that you were discontinuing the We the People program, which has been very popular with bipartisan support. You are discontinuing it as a theme, but you are maintaining aspects of it.

What are we doing with We the People?

Mr. LEACH. Well, it has always been more a theme than a program. That is, initiatives that might fit the theme that NEH normally would do would be brought into it and then several of the new parts were put back into the programs. And we are trying to keep the major ones and in particular the National Digital Newspapers Program which is a highly important project. There is the oft-stated assertion that I think is very thoughtful that newspapers are the first rough draft of history. They also in a very unique way cover the country and the world, but most of all the community. And so to have preservation of these documents is very important. This is going to be a long-term initiative. We are now dealing with about half the States and, to date, have digitized three and-a-half million pages. We are of course working with the Library of Congress. It is a joint initiative. The three and-a-half million pages that have been digitized involve working through the years. And so in the next 10 to 15 years we will have all 50 States represented with most of the years covered. But it is going to be a long-term project.

We are also keeping the Landmarks of American History Workshops involving teacher training. And then the Picturing America project has been enveloped within our "EDSITEment" website. It has been highly successful and is being used in new ways, one of which is translation into four other languages. But also, there are some experimentations in using Picturing America in a language learning way for foreigners to learn English for instance, which is something that was not envisioned with the initiation of the program but has some hope of being followed through with. Frankly,

it is one of those uncertainties, but it could occur.

When the "We the People" initiative began, the initial proposal was that it would be a \$100 million initiative over a period of years. We have now dedicated approximately \$100 million to it. As a thematic, the question is can you have too many thematics. The issue is how do you freshen perspective. And so, we are going to

keep the best and move on.

Mr. SIMPSON. I would hope that, I mean one of the aspects of it as I understand it, was to help students in the study of American History and the U.S. Constitution and those types of things. And I would hope that we would preserve that aspect of it, because when you look throughout, and surveys have shown, you know when they ask young people what we consider very simple questions about the Constitution and about our history, it is amazing the number of people that—especially young people—that do not know anything about that.

Mr. LEACH. Well, art is a good way to illustrate history and to give a sense for change. And we may have some new initiatives of a comparable dimension that we may be unrolling in the next year. This issue of how you teach is just a really central one. This par-

ticular program involves—at least the Picturing America dimension of it—involves art appreciation, history relevance, and now possibly language relevance. That is a very interesting set of combinations.

DOCUMENTING ENDANGERED LANGUAGES

Mr. SIMPSON. One of your co-programs relates to preserving and increasing access to culture and intellectual resources including books, periodicals, and other historically significant items as you have mentioned. An interesting piece of work relates to the recording, documentation and archiving of an estimated 3,000 of the world's endangered languages, including hundreds of American Indian languages. Does the NEH collaborate with the Smithsonian or other organizations on common cultural goals like preserving the world's languages?

Mr. Leach. Yes, we do. We also coordinate with the National Science Foundation and some of our programs are NSF and NEH funded together. We also coordinate in one sense internationally with UNESCO and partly with United States leadership, UNESCO has now become very concerned with languages that are considered vulnerable to extinction.

In our country of course, we are particularly interested in Native American languages. Our concern relates less to the precept of "maintaining the language as a dominant language" than to trying to maintain the wisdom that the languages reflect. This becomes important particularly for those people that come from a tradition of speaking the language but also for others. And so, we do have a number of Native American programs of a variety of kinds. One of which relates to language.

I might mention in the language area, we made recently what I considered the only courageous grant I know to an individual—not courageous from the NEH's perspective but from the individual's. We had a really exceptional proposal from a young American scholar living in Afghanistan who wants to study and create a dictionary for an Afghan language, a very narrowly spoken language. For the first time I insisted that the letter of NEH-approval for this proposal include a paragraph of a nature never done before. We said that finishing the project was not the key thing because he is living in an environment that is exceptionally dangerous. He might be an idealist, but idealism may be challenged by people there or he might not be viewed as an idealist. So we have instructed him that he does not have to finish his research and if he does finish, he might want to finish it in another environment; in this case, in Rep. Jeff Flake's State, Arizona, where the grantee is tied to the University of Arizona. For someone to take on a language preservation effort in that environment to me is pretty gutsy.

Mr. SIMPSON. Trying to do a life preservation there.

Mr. LEACH. Exactly.

Mr. SIMPSON. Mr. Moran.

TEACHING AND SCHOLARSHIP

Mr. MORAN. Thanks, Mr. Chairman. Chairman Leach, we talked about the increasing emphasis upon the science, technology, and engineering, and mathematics, which of course is terribly important for the globalization of our economy, but the corresponding

diminution of emphasis on the humanities. Are you involved at all in supporting teaching positions at secondary or postsecondary institutions in the humanities?

Mr. Leach. We support scholars and scholarship. We sometimes have applications that include support for positions and some of these are preservation positions at a museum, library, or archive for example. But as a basic function, teaching positions are the responsibility of universities, for instance. But supporting someone's

scholarship can have an effect on a position.

I will give a small example that is of symbolic significance. We have an annual Jefferson Lecture in the Humanities, which is our major lecture of the year. This year's lecturer was the President of Harvard University, Drew Faust. She indicated as a young scholar she got an NEH grant to do research in a very narrow field that was not in the mainstream of American History, nor in vogue at the time, studying women in the Civil War.

This study resulted in a book, which in her judgment was a key to her receiving tenure at the University of Pennsylvania. In other words, this small step started her in a career that has ended up making her president of one of our emblematic universities. While we support scholarship, it is not our role to support an individual's

position at a university.

Mr. Moran. And that is understandable. I did not really expect that you would be doing that. The only concern is that it seems as though we need some advocacy for humanities staying within even elementary, but certainly secondary and post-secondary institutions. In terms of their curricula, State Humanities Councils I guess might do that. I was wondering if there are ways you at least indirectly support humanities at the elementary and secondary school level?

"EDSITEMENT" PROGRAM

Mr. Leach. State Councils do good work there but I want to point out a very unnoted aspect of NEH's work that is truly significant to literally millions of Americans is our "EDSITEment" Program where with the Verizon Corporation—we doing the work and they doing much of the funding—we peer review model lessons for high schools. We get over 300,000 hits a month on these model lessons and it is absolutely an invaluable thing. We get emails all the time from teachers telling us that the greatest thing that ever happened to their teaching capacity is to be able to look at these model lessons and choose and pick any number of sources on a large number of themes.

Mr. MORAN. NEH has consistently gotten pleased.

Mr. SIMPSON. How do teachers know to access this information? Mr. Leach. Well, I personally think most of it is word of mouth, but this particular program has won all sorts of national teaching awards, and so it is highly publicized within teaching journals and noted at many conventions that teachers go to. It is one of these real riches that is making a phenomenal difference. It is also, by the way, very much appreciated by people that home school. You can visualize if one is a father or a mother that is teaching their own kids at home how do they get lessons? This is really terrific rich stuff, and it is wonderful.

Mr. SIMPSON. Well, the reason I ask the question is we do some great things whether it is the NIH, whether it is the Smithsonian or other things that can reach out to communities, particularly to the areas that do not have access. And I have often wondered how do we tell these people that this is available? How do we get that

information out? So I appreciate that.

Mr. Leach. That is a great question and that is one of the miracles of the Internet. I mean we do try to inform through the Internet in many kinds of ways. We obviously do not or have not to date done advertisements on TV or radio or whatever, but the Internet is great for getting the word out as well as great for having access come back. All I can tell you is the response level at the agency is just exciting.

Mr. SIMPSON. Do you work with the Department of Education to

get their stuff out?

Mr. Leach. We do, but not to a grand extent. On the whole DOE (and I do not want to categorize because it would be unfair) is a little bit more into teaching methodologies and we are a little bit more into content. That does not mean they are not big into content, too, but we are exclusively about content.

Mr. SIMPSON. Thank you.

Mr. Moran. Well, thank you, Mr. Chairman. Those are very relevant questions to what I was getting at that you are exclusively about content and the content that you have produced has been extraordinarily good over the years. The problem is if we do not have courses in humanities related subjects in secondary schools there is no real audience. I mean there is an audience but it is a very limited audience. If there is a course in it where students need to access that kind of material then you certainly have it available and all the letters that have been accumulated over the years with regard to some of the great leaders of our nation and internationally. But you know it is just a concern that the humanities is becoming marginalized within our educational system.

SUPPORT FOR HUMANITIES RESEARCH VS. THE SCIENCES

Mr. Leach. I agree with you. Can I just make one comment and go further than that. It has also been marginalized in our research system. The humanities research supported at the federal level is less than one-tenth of one percent of support provided the sciences and technology. There is real reason to support the sciences and technology and we are at the NEH strongly supportive of it. But we worry that there is a humanities aspect to every advance in science. We are very concerned that exclusive emphasis in science or science and technology is awkward.

If you take the Federal Budget in the last let's say couple of decades, science funding at the federal level has gone up three or four fold and humanities funding has gone down. That is a very significant relative circumstance.

Mr. Moran. Well, I do not want to see humanities funding compete with science R&D Funding.

Mr. LEACH. Of course not.

Mr. MORAN. And I know you agree that investment should even be increased. But I do not want to see humanities fall by the side of the road. There needs to be some balance. The only other area of entry and is somewhat related is what you are doing to promote

grants to underserved populations.

Mr. Leach. Well, we have a surprisingly great emphasis on that and one aspect relates to special programs for historically black colleges and universities and other special emphases on tribal colleges and institutions with high Hispanic enrollment. And then we have a way of distributing information to the State Humanities Councils. But I would stress and it is a surprise to many people, that if you think of the academic humanities as contrasted with the public humanities, the academic humanities also get distributed widely. Unlike in strategic policy studies where you have a number of non-profit organizations centered in Washington, D.C., all our academic communities are distributed outward.

And if you take support for a university, for example, the universities might have a teacher's workshop bringing people in from all over the country. If you take technology as an example, one of the California State Universities is the center of technology for digitization of historical newspapers. That technology gets distributed to all the other States. So what often first goes to one State

is soon distributed to other States.

We are putting in virtually everything we do in efforts to try to establish distributive digital access. Now one might say in the first instance, the people who have the greatest access to digital technology will have the first grab. But one of the wonderful things about our society is how technologies are getting distributed. If one thinks of a television, the television is in poor and well-to-do houses. Now, increasingly, computers are being distributed in new ways. Kids in inner city schools are finally, a little bit later than higher income school districts, getting this technology. So some access is not because of any direct program that says we are going to target X place in some part of the country. It is that X place is going to have access to it without exactly being targeted.

Mr. Moran. Very good. I agree with Chairman Simpson that our Native American population is a very good place to continue the emphasis on helping to maintain their culture and languages.

Thank you, Mr. Chairman.

Mr. ŠIMPSON. Ms. McCollum. Ms. McCollum. Thank you. My training is in Social Studies. I never got a full time class. I was a long term sub and I think being a substitute teacher at times has prepared me for Congress with

the whole civility issue as you had pointed out.

I know a lot of people who teach and Tim Walz had an opportunity to have his own full time classroom for many years and the word is out especially in the Social Studies community that this is out there as a tool. But the challenge that I see happening is Social Studies is the class and the one opportunity that if taught right, you bring in every aspect. You bring in science. You bring in geography. You bring in language. You bring in everything into the classroom because who we are is affected by everything that surrounds us and that is what shapes our history.

So when you have Leave No Child Behind teaching to the test, two things happen. One, Social Studies is getting crowded out because it becomes where you get the information on prom and everything else, so there is less, less, and less and less history, Social Studies, Civics, humanities being taught in our K through 12 sys-

The second thing that happens when you start focusing on teaching to the test is, how many dates can you memorize? You could memorize every single big battle of the Civil War and not understand the Civil War. And if we do not understand the Civil War, we do not understand this bittersweet tension that still is much of an underpinning for some of the things that are going on in the country. If you do not understand the Depression, and people are talking about the Great Recession and we could have had a depression, you cannot make an informed decision whether or not that is true or not true if you have never studied the Depression. And part of studying the Depression is studying the music and the art and everything else with it.

As you can tell, I am very passionate about the humanities. And one of the reasons why I am as passionate about the arts is the arts play a huge role in the humanities and the preservation of it. The word is definitely out there. If I was a teacher and I had a limited amount of time and I wanted to say okay, what is the best place to get first person histories of the Civil War, sermon or diary letters or something like that, one stop shopping there. You know you could do the Library of Congress. They would have the references but they would not have it packaged so that you could just

kind of pick up and go with it.

And especially now with teaching to the test from talking to instructors, when you have those precious opportunities that might arise, you might have to develop a lesson on the fly; not because you are not a good teacher, just because all of a sudden you realize I am going to have 15—I am going to have 20 minutes to where I could really enhance this. These are the questions my students have been asking. How can I best pique their interest? So you now keep it up. The homeschoolers, too, I have a fair number of them in Minnesota and I know people are doing that as well.

The thing about curriculum that all of you in the humanities have to stay away from is if you get too much into curriculum, then you are going to have the criticism from the other side that they are doing national curriculum. You kind of have to do a lesson plan where you are picking and choosing and it does not look like, a national curriculum although Texas gets to write all of our textbooks.

So talk about having a curriculum.

I wanted to just make an observation and then ask a question and I know we are going to get close to doing the markup. I have to say one other thing I like about Appropriations is we actually kind of discuss things amongst ourselves and this is my first full time year with being chair and I am-

Mr. SIMPSON. There is no money.

Ms. McCollum [continuing]. Yeah, I know there is no money. So that is—so I am not plugging for anything because I know there is no money. But thank you so much for the way in which your leadership and Jim's leadership and working together has made this a committee such a treasure to serve on.

You know we will talk about cutting humanities. We will talk about cutting NEA, but there are hidden things that we support through our tax code: NASCAR, golf, professional sports, I could go on. But because they are hidden, we are not having a major discussion about whether or not they should be part of the sacrifices, we are making with these tough decisions. That is an editorial com-

ment and I know we are not on Ways and Means.

Rocco talked a little bit about this, too. Could you kind of talk about the gold standard for the attracting of money and the grant process because a lot of that goes into having staff. Lots of times people say well you have all those staff. But the staff is really there to do the due diligence on the grants. And then when you have the grants and major foundations, they still go through their grant process to see if it meets their goals.

But if you have kind of been out there, it is kind of like you take a look. And I am sure you do the same thing vice versa with some of the major foundation work. Just talk about the importance of staff with that because without staff how do you review grants?

NEH STAFFING

Mr. Leach. First let me talk about staff. And I want to take this from kind of a Republican perspective, Mike. I have heard many times friends tell me they have gone into a Federal agency noting how lousily organized it was and implying that they set it straight. But the fact of the matter is I walked into an agency where everyone knows more about the work than I do. The NEH has really terrific people. I am very proud of the staff, which numerically by the way is about where we were in 2008.

The staff is really critical to NEH. Most of our staff are quite professional, many with PhDs. Many have written scholarly books. Many have written novels. We just have a really diverse staff.

NEW APPROACHES TO STUDY OF HISTORY

Now one of the things you said, I do want to slightly pick up on, because I think it is extremely wise of you to refer to the Civil War and the emphasis on knowing the battles. Earlier, I noted how Drew Faust had researched a book about women in the Civil War. Well, no one had ever looked deeply at women. One of President Faust's conclusions, and she perhaps overdrew it, was that women played a critical role in bringing the war to an end. Everyone talked about the battles. Everyone had talked about why the war started.

One of the things we are grappling with now as a country is we are finding it is just as hard to figure out how and when to end a war is how and why to start one. And Faust came to the conclusion that women played a critical role in expressing exhaustion and bringing to families the perspective of "let's bring this terrible toll of death to an end." And no one had really thought about that. They had overlooked the diaries and papers of women. When Faust first uttered this precept, people thought it was exaggerated. But more and more people now give it weight. That does not mean that women were the decisive decision makers, but they nevertheless played a decisive role. The study of women during war is of significance because it gives some feeling for what was happening off the battlefield.

We have done various programs and studies in the Civil War. For example, we supported the study of a small town in Virginia

and a northern town I believe in Pennsylvania about how the

towns and their people evolved during the war.

Scholars are moving away from the study of leaders to the study of people and their role in life. The reason I mention this is that you can take studies in the humanities and say they do not change. That is wrong. The word history, of course, may stay the same, but it is amazing how much change is occurring in the study of history. You refer to Social Studies which are taught at the high school and junior high school levels. At the university level social studies is the equivalent of what Oxford and Cambridge call politics, philosophy, and economics, which is a major that many people take at these two venerated institutions. It is basically a combination of disciplines.

It is very important to give people a sense of perspective on our times, looking back at other times, especially reviewing the values that motivated people in other periods of time. Americans do not know very well the dates of battles, even wars. Studies show how many people cannot place when the Civil War occurred. This is a particular problem in the north. Southerners are a little deeper in Civil War history.

Ms. McCollum. It is the way it is taught.

Mr. Leach. It is the way it is taught and in Texas we know one of the great victories in American History was the Alamo. Victories is kind of in quotes, but it does tell you something about how people were thinking about the great expanse of the west and then all sorts of aspects of the southwest. But we as a country need to have these barometers.

Ms. McCollum. I am just going to make a comment about the Civil War and women. When history was being recorded in Ireland, it was the women in Ireland. The Protestant and Catholic women who did not necessarily have to like each other, but they did not want their kids dying anymore. It was the women who forced the Good Friday Accords, it was the women who kept everybody to the table, and we are seeing that in a lot of the conflicts in Africa.

Mr. LEACH. They were rewarded with a Nobel Prize. That is fabulous.

Mr. SIMPSON. The reason the Civil War—I agree with you, but the reason the Civil War is taught differently in the south is because it is still going on. I was coming back on a plane with Charlie Norwood from South America—a good friend all of us knew. And it was like the week before the President's Day recess. And in Idaho I have like 12 Lincoln Day dinners and lunches to go to and everything. And I was lamenting you know jeez, I get so tired because I have all these banquets and lunches and everything. I looked at Charlie and said how many Lincoln Days do you have to go to? Not really thinking—he was from Georgia. You know, he said, looked at me and said, we do not celebrate Lincoln's birthday in Georgia. And me in my bright wisdom picked up on it right away. I said, why not? And then it hit me and I said, jeez Charlie. That was 135 years ago. When are you guys going to get over it? He just looked at me just as serious as could be and said it is not over yet.

Mr. LEACH. Well, Mr. Chairman, you might explain to the gentlelady from Minnesota what the great Civil War in your district is that is still going on. This is a Civil War in Spain with the

Basques.

Mr. SIMPSON. Yes, it is. I could tell you some stories there. Our State legislature—my first year here—passed a resolution for the separatists—to support the effort to break away from Spain. And of course, our Secretary of State and a lot of other people supported it because we have a huge Basque community within Southeast Idaho. So I am here, the next thing I know the Secretary of State, and the Spanish Ambassador are coming up to see me wondering what is going on in Idaho. I do not know. Anyway—

Ms. McCollum. We have French in our State. That does not say anything about how we feel about speaking two languages in Mon-

treal.

Mr. SIMPSON. Let me—I appreciate your comments about your employees. I have seen the same thing you have. I can remember when I was in the State legislature and somebody would stand up on the floor and say you know I went over to the Department of Health and Welfare and by golly there were two employees standing around the water cooler talking, as if that was a discredit to the employees or something or they were not doing their job. That never happens if you go out to Micron Technologies or any private sector job I guess. I think we have great employees. I really do. And the question though, that is being asked—that I ask Rocco, and I am hearing it from all—from different interest groups that receive funding or use funding to do fish and wildlife grants or other types of things. That when we see the reductions that are going to be coming down, that we are going to see reductions in the programs while the employees, number of employees, stays the same. And if the number of employees stays the same, that your programs are necessarily going to shrink.

They are concerned about that. They are also concerned, a number of these different groups and the State Councils, are concerned that reductions will be foisted off on them, that they will not be able to receive as much of the grant, that it is not going to affect

the NEH in Washington, D.C., if you will.

Mr. Leach. Well, first we do try to keep balance. All I will express to you is that when I came into the agency I did not bring an army of new people and we have been very careful on not raising employment. In fact, we are now in a very marginal way seeing some natural reductions with retirements and that probably will continue. The other thing is, oddly, the workload has increased as we see a 25 percent increase in applications. We are going to do our best to share the burdens and keep the quality. And we know we are going to be doing more, possibly with fewer people and almost certainly with less resources. But as we approach decisions ahead we will try to keep in close contact with the committee. It is our hope to be able to maintain as much quality as we conceivably can.

Mr. SIMPSON. Well, I appreciate that and we want to make sure that we maintain those relationships with the State Humanities Councils because they do some incredible work out there. I——

Mr. Leach. They certainly do.

Mr. SIMPSON [continuing]. Have been associated with the Idaho Humanities Council or worked with people on the council for many years, ever since I was in the State legislature, and they do a fantastic job. And we want to keep it coming. That is where oftentimes the rubber hits the road, where people see the results of their investments in the humanities.

Mr. Leach. They do but please realize the work here in Wash-

ington also gets out-

Mr. SIMPSON. I understand that. I understand that.

Mr. Leach [continuing]. To the States as well.
Mr. SIMPSON. Any other questions?
Mr. MORAN. I am all set. Thank you, Mr. Chairman.

Mr. SIMPSON. Thank you for being here, Chairman Leach. Mr. LEACH. Thank you.

Mr. SIMPSON. I appreciate it very much. Mr. Leach. Thank you.

HEARING ON SMITHSONIAN INSTITUTION, FISCAL YEAR 2012 BUDGET

WITNESS

WAYNE CLOUGH, SECRETARY, SMITHSONIAN INSTITUTION

OPENING STATEMENT OF CHAIRMAN SIMPSON

Mr. SIMPSON. Committee will come to order. Good morning, Dr. Clough. We appreciate you joining us this morning to share your vision of the future of the Smithsonian and to discuss your budget request for next year. Everyone around the table has a great deal of respect for you and the work you are doing to maintain the Smithsonian as the world's premiere education and research organization.

Our challenge this year is to determine how to address the most urgent priorities of the Smithsonian, many of them contained in your 5-year strategic plan, while also recognizing that our funding allocation will be significantly lower than in recent years. In fact, those allocations just came out yesterday, and we are about \$2 billion down in the total Interior budget from the year before.

As you know, this is out of necessity. Federal spending has accelerated at an unsustainable pace, and efforts to reduce spending is a sacrifice that must be shared across many agencies under this subcommittee's jurisdiction.

Addressing the Smithsonian's budget in this fiscal climate is going to be particularly challenging. Beyond meeting the needs and priorities of maintaining and preserving existing facilities and programs, your budget request contains a large increase of \$100 million from the fiscal year 2011 enacted level for the construction of the next museum on the National Mall. This is an issue that I look forward to discussing with you in some detail today.

As Congress works to tackle historic deficits and economic challenges, I believe it is time for an honest conversation about national priorities. Every agency across government needs to make a distinction between the need-to-do priorities and the nice-to-do priorities. Today this subcommittee is looking to you to help us make this critical distinction within the many important programs and priorities under the Smithsonian's jurisdiction. I look forward to hearing your testimony as we work together.

Mr. SIMPSON. I would now yield to the gentleman from Virginia, but he is not here. So when he comes, we will let him make an opening statement if he would like to. The floor is yours.

TESTIMONY OF SECRETARY WAYNE CLOUGH

Mr. CLOUGH. Thank you, Mr. Chairman. We also appreciate Dave LesStrang's help, and he has really assisted us in many ways in the past.

We thank you, Mr. Chairman and members of the committee, for this opportunity for me to testify about an institution that is very close to the heart of the American people, the Smithsonian. Before me you see two of our historic treasures that we keep in trust for the American people; Abraham Lincoln's watch and John Glenn's 1962 space camera. Each represents an important milestone in our history, and we fortunately have distinguished colleagues with me who will explain what I mean by that.

Harry Rubenstein of the American History Museum and Jennifer Levasseur of our Air and Space Museum are here to tell the fascinating stories about these objects, and when I complete my testi-

mony, they will do that.

We have 137 million artifacts and specimens in our collections that span art, history, culture, and science, including the Star Spangled Banner, the Wright Flyer, the desk on which Thomas Jefferson wrote the Declaration of Independence, our national meteorite collection which we are charged by Congress to maintain, and 2,300 amazing live animals at the National Zoo.

COLLECTIONS

We are steadily improving the care of these treasures so future generations will benefit from them just as we have. We are digitizing our collections and placing them on the web where they can be studied and used by anyone in their home or classroom.

VISITORS AND EXHIBITIONS

Yet nothing compares to seeing the real thing, and last year we had more than 30 million visitors that came to be inspired by the exhibitions that we have, our best year since 9/11. Our talented curators and scholars create 100 new exhibitions a year, which is stunning, and make sure visitors are provided with new and engaging experiences each time they come.

Yet we know that many Americans cannot afford to make a pilgrimage to the Nation's capitol. I am a good example. When I grew up in rural Georgia, I never visited the Smithsonian until I was in my late teens. I think there is no excuse for that today.

Mr. LEWIS. Excuse me. Our former historian speaker did not take you to the Smithsonian sometime—

Mr. CLOUGH. No. Did not know about it. There is no excuse for that today, because we are determined to reach all Americans, wherever they may live with all we offer. We have created a new office of Smithsonian Education and Access and are developing a comprehensive approach to reach K through 12 teachers and students around the Nation. So far we have 650 web-based lesson plans available for free, ranging from science to art, and more are coming.

EDUCATION

Science and math education faces, as we know, a particular challenge in our country. Fifteen year olds in the U.S. rank 25th among peers from 34 countries on the last Program for International Student Assessment Test in 2009, and scored only in the middle in science and reading. We believe the Smithsonian can help with this.

For 26 years the National Science Resources Center has leveraged the research of the Smithsonian and the National Academies of Science and Engineering to develop science programs for students and teachers. The center was recently awarded a \$25 million grant in the competitive process by the Department of Education, and then they were required to and did raise \$8 million in private funds to supplement the federal funds. We are helping three states particularly with rural areas and urban areas transform their approach to teaching science and math.

Using technology our Smithsonian American Art Museum through a contract with the Department of Defense is delivering arts education to K through 12 schools around the world that are operated by the military for dependents and those who serve our military.

ON-LINE EDUCATION AND SOCIAL MEDIA

We are using donor-sponsored online education conferences to deliver programs centered on our collections and our experts. More than 38,000 people from all 50 states last year participated in our programs. Millions of people are now accessing our work on Facebook, Twitter, and YouTube, and I am pleased to announce that we just won the 2011 People's Voice Webby Award for the best cultural institution website in the country.

Mr. Lewis. Webby Award?

Mr. Clough. Webby Award. We are very proud of that one.

OUTREACH

Millions more watched the Smithsonian Network's Emmy Award-winning HD channel, and it is slated to double the number of homes that we will reach this year. The Smithsonian Magazine, of course, reaches up to two million subscribers in every state and was recently named the most interesting magazine in the Nation ahead of all other magazines in the country. You can think of your own comparable magazines, but they were all there. Do not miss the April issue which is all about the 150th anniversary of the Civil War.

We also have 166 affiliate museums in 39 states and we provide them with loans from our collections as well as expert advice when they need it, and our traveling exhibition service also offers programs that reach roughly another five million people around the country for those exhibitions.

STRATEGIC PLAN

We believe this is a new era at the Smithsonian, one that builds on its traditions but uses new approaches to take its service to the American people to a new level. All of this is possible because of the work of our 6,000 employees and 6,500 volunteers, who work on contract incidentally, who are very passionate about what they do. I could not be more proud of them, and last year we were named for the first time as one of the best places to work in the Federal Government, the fourth best among all large agencies.

We are guided, Mr. Chairman, as you noted, by our new strategic plan. This provides focus, encourages cross-disciplinary initiatives, collaborative partnerships so we do not duplicate, and calls for broadening access to our collections and expertise and excellence in mission operation. We have undertaken something we call Smithsonian Redesign to improve efficiency at the Smithsonian to use every dime we get better so our employees can focus their activity, their energy on important activities. Over 275 people have engaged in a team to help overhaul the way we do business.

PRIVATE FUNDRAISING

As a federal trust, of course, we are working hard to leverage our federal dollars with privately raised funds. Last year we raised \$158 million in private philanthropy. One of these I will cite, the \$30 million gift from the Bill and Melinda Gates Foundation, which is an endowment specifically to help us reach youth audiences and audiences in rural areas and other areas that we do not traditionally reach.

FY12 REQUEST

The Smithsonian's fiscal year 2012 request totals \$861.5 million. That is a lot of money in these days, and we appreciate that and the difficult times that you face. We give you our commitment that these funds, whatever comes to us, will go to the highest and best use. The Smithsonian has a crucial role to play in our civic, educational, scientific, and artistic life.

At the American History Museum not long ago, historian David McCullough, who serves on one of our advisory boards said, "never has an understanding of our story as a people, of who we are and how we came to be the way we are, and what we stand for, been of such importance as right now." We think these words hold true now more than ever, and we are determined to tell those stories.

So thank you very much for the opportunity to testify, and now I will ask my colleagues to take a moment to explain the objects that I referenced.

[The statement of Wayne Clough follows:]

Statement of Wayne Clough, Secretary of the Smithsonian Institution On the Fiscal Year 2012 Request Subcommittee on Interior, Environment and Related Agencies Committee on Appropriations, U.S. House of Representatives May 12, 2011

Thank you for the opportunity to testify before the Subcommittee today on the Smithsonian Institution's fiscal year 2012 federal budget.

The Smithsonian has a crucial role to play in the civic, educational, scientific and artistic life of this nation. We are focused on implementing our new strategic plan that centers on four "grand challenges," and is buttressed by four new Consortia to promote interdisciplinary and cross-institutional collaboration. Per the plan, we are leveraging federal funding and becoming more entrepreneurial. Our goal is to revitalize the Smithsonian and make it more relevant to the challenges faced by our nation and the world

The new plan calls for exceptional execution so we invest our federal and trust funds responsibly and to this end we have undertaken a major redesign of our organizational structure and our management operations. Over 275 employees representing 55 units have been engaged in this effort using a team work approach. By adopting new technologies, we're following up on our commitment to make our collections, experts and research more available to parents, students, teachers and lifetime learners across the country. Thanks to help from Congress, the Administration, our various boards, staff and volunteers, the Institution is steadily making progress in improving service to the American public. As the largest museum and research complex in the world, the Smithsonian is supported by authoritative scholarship that connects Americans to their cultural heritage and also makes the Institution an international leader in scientific research and exploration.

Last year, we had more than 30 million visits to our 19 museums and galleries and the National Zoological Park, all of which are open every day of the year but one. Through our digitized offerings, we reached millions more: students, teachers, and lifelong learners of all ages who benefitted from the growing array of educational opportunities that reach all 50 states.

We have improved the conditions of our vast collections, which include 137 million objects, specimens and works of art. As stewards of the national collections, we are balancing the preservation of and access to these collections. We are stepping up efforts to digitize as many of the collections as resources permit.

The Smithsonian has more than 6,000 employees, including approximately 700 scientists and scholars, and more than 6,500 volunteers: curators, researchers, historians, experts in fields from astrophysics to zoology. These dedicated people are passionate about fulfilling the mission of the Smithsonian at the highest level.

We are particularly proud that a survey designed by the Office of Personnel Management resulted in the Smithsonian being named one of the ten best places to work in the federal government, ranking number four among large federal organizations.

We have physical facilities in eight states and the District of Columbia, and operate in nearly 100 countries, at sites ranging from the equator to both poles. The Institution has 166 affiliate museums in 39 states, the District of Columbia, Puerto Rico, and Panama. As part of our outreach programs, the Smithsonian Institution Traveling Exhibition Service, the largest traveling exhibition service in the world, reaches roughly five million people throughout the country each year. The Institution's presence is further expanded through Smithsonian Networks' Emmy Award-winning Smithsonian HD channel, which now reaches millions of households. *Smithsonian* magazine has subscribers in every state and several foreign countries, and nearly seven million people read each month's issue.

Increasing numbers of young people are accessing the Smithsonian using new technology and across the Institution, we have more than 400 web and social media accounts, and that number is growing every day. On our main Facebook account, we have more than 85,000 fans; on our main Twitter account, we have nearly 320,000 fans, and our YouTube offerings have been viewed nearly a million times.

Our refreshed website has a more modern look and is easier for users to navigate. It just won the 2011 People's Voice Webby Award for best Cultural Institution website.

The public can now find customized information about how to visit and engage with the Smithsonian, either in person or virtually. Our free, easy-to-use Smithsonian visitor mobile application will be ready this summer. These interactive tools position the

We created more than 100 exhibitions in 2010, hosted several hundred scholarly fellows, more than 1,000 interns, and even welcomed 86 new baby animals at the National Zoo. In art, science, history, culture, education and outreach, there is much to be proud of at "America's museum." As the following examples demonstrate, the Smithsonian's future is bright indeed.

Smithsonian as a leader in mobile applications for museums.

We are collaborating in a number of scientific research areas and leveraging federal and private support with other government organizations and international science agencies. The collections we maintain serve as a resource for scientists from other federal agencies including the Department of Agriculture, the Department of Defense and the United States Geological Survey, to name a few. We work with the Office of Science and Technology Policy to coordinate our efforts with agencies and avoid duplication of activities.

We are a leader in the international initiative devoted to developing DNA bar-coding as a global standard for the identification of biological species. The new technique uses a short DNA sequence from a standardized position in the genome as a molecular diagnostic for species identification.

The National Museum of Natural History (NMNH) is the leading partner in a global effort called the *Encyclopedia of Life* (EOL), an ambitious project that will become a key repository of scientific information about virtually every form of life on earth. The EOL is a Web-based, online database, which has financial, logistical and research support from numerous partners including the MacArthur and Sloan Foundations. It is expected to encompass the 1.9 million known species of animals, plants and other life forms in about ten years. Thousands of students and teachers already are using the EOL as a resource. The Biodiversity Heritage Library (BHL), the scientific literature component of EOL, is a consortium of 12 natural history and botanical libraries that now has over 35 million pages available online.

The world renowned Smithsonian Tropical Research Institute (STRI) continues to expand and enrich the Smithsonian Institution Global Earth Observatories (SIGEO) which has formed international partnerships involving twenty countries to promote large-scale environmental monitoring of forests around the world and maintain standardized banks of data that provide access to scholars and students around the globe. STRI coordinates the SIGEO programs, which in addition to federal support, is also supported by \$20 million in in-kind and financial support from other government, private and international partners. We are in the process of developing a marine analog to SIGEO, with a global array of assessment sites focusing on coastal marine environments.

We recognize the national need to improve K-12 education in this country and we are, working with teachers and education leaders, developing new approaches to help. Using technology we can reach any corner of our nation. We're nearing completion of an Institution-wide educational plan, and collaborating and partnering with other institutions, and leveraging private support for these efforts.

We have an important role to play in STEAM (Science, Technology, Engineering, Arts and Math) education, because we can offer multidisciplinary experiences that bridge the arts and sciences. Last month, the National Museum of American History (NMAH) was host to the Art of Science Learning conference. It is a National Science Foundation-funded initiative convening scientists, artists, educators, business leaders, researchers and policymakers to explore ways in which the arts can be engaged to strengthen Science, Technology, Engineering, and Mathematics (STEM) skills. This speaks to an issue I have worked on for many years: scientific literacy. I recently outlined how the Smithsonian can be instrumental in addressing that problem in my monograph, *Increasing Scientific Literacy: A Shared Responsibility*.

For 26 years, the National Science Resources Center (NSRC) has leveraged the research and expertise of the Smithsonian and the National Academies of Science to develop science education programs. NSRC was recently awarded a \$25.5 million grant from the Department of Education. NSRC then raised \$8 million in private matching funds for its initiative to transform STEM education in three project areas: two rural, North Carolina and Indiana, and one urban, Houston.

The Smithsonian has conducted three successful interactive online education

conferences: on President Lincoln, climate change, and how Smithsonian experts solve problems. To date, we have more than 33,000 participants from 135 countries, all U.S. states and territories and more than 3,500 cities and six continents. Significantly, more than 500 cities have accessed the conferences since the start of the school year in September 2010, meaning more and more people are taking advantage of our material. More conferences will be offered.

Teachers' Night, which has been generously sponsored for the last three years by Target, offers the opportunity for teachers of all grades and subjects to explore new classroom-ready resources, materials and demonstrations of school programs. This annual free evening event in Washington D.C. attracts 2,000 to 3,000 teachers of science, art, history, social studies, and language arts and provides them with updated information about the use of museum programs, artifacts, and exhibitions to complement school curricula and to meet national education standards.

The Smithsonian American Art Museum, through a partnership with the Department of Defense Education Activity (DoDEA), provides professional development, curriculum resources and videoconferences for teachers and students in schools for children of military personal and civilian employees located on military bases around the world.

The National Museum of American History and the National Museum of African American History and Culture (NMAAHC) commemorated the 50th anniversary of the 1961 Freedom Rides with a series of public programs across the country on February 9 to examine the history and legacy of the rides. Over 1,500 middle and high school students participated here in D.C. and at five Affiliate Regional Youth Town Hall locations across the country, while nearly 20,000 students joined the live conversation on the internet.

In February, our National Museum of Natural History co-hosted, with Coastal America, the 3rd National Student Summit on the Ocean and Coasts. Coastal America is a partnership, begun in 1992, of 16 federal agencies, state and local governments, marine stations, and aquariums around nation. At the symposium, 20 delegations of students from across the country presented their action plans to help the environment.

In partnership with a multi-year commitment from the Pearson Foundation, the Hirshhorn Museum and the National Postal Museum spearheaded pilot programs last summer on mobile learning workshops. Middle-school students created games, blogs and videos that were shared on a social network set up especially for the curriculum.

The Smithsonian launched "Shout," an interactive education program for students on environmental issues, with Microsoft Partners In Learning and Taking It Global. The Bill & Melinda Gates Foundation gave us a transformational gift of \$30 million for an endowment in support of our goals to broaden access, reach new audiences and invigorate educational activities. The focus is on reaching underserved audiences, particularly ethnic and economically disadvantaged youth audiences. This is in addition to the Foundation's \$10 million gift to NMAAHC and \$10 million is support of our consortia.

These examples are part of our growing role in education, bringing the power of our museums and research centers to America. We offer a variety of experiences for learners of all ages: exhibitions on African, Asian, Latino and Native American art, presidents, painters, astronauts, the history of flight, the story of what it means to be human and the story of what it means to be an American. Currently on view at the National Museum of American History is *Abraham Lincoln: An Extraordinary Life*.

At the Smithsonian's Cooper-Hewitt, National Design Museum in New York, we recently opened *Set in Style: The Jewelry of Van Cleef & Arpels* and *Color Moves: Art & Fashion of Sonia Delaunay.*

The Smithsonian American Art Museum's exhibition, *The Great American Hall of Wonders*, opening on July 15, examines the 19th-century American belief that the people of the United States shared a special genius for innovation. It includes works of art, mechanical inventions and scientific discoveries and is in collaboration with the United States Patent and Trademark Office.

The Smithsonian's National Portrait Gallery, which houses a national collection of the portraits of America's presidents, will observe the centennial of Ronald Wilson Reagan's birth with a special one-life exhibition, opening on July 1, 2011. The Portrait Gallery's exhibition, which will focus on Reagan's presidential years, will also include images from his boyhood and early career.

Public programs connected to our research and exhibitions provide important touchstones not only for Americans but also visitors from around the world. In our National Museum of American History we regularly schedule citizenship swearing-in ceremonies in front of the Star Spangled Banner. Now, and for future years, , we have a number of exhibitions, programs and publications that will focus on the Civil War, and how from its tragedies we grew as a people and as a nation.

The Smithsonian's National Portrait Gallery exhibition, *Hide/Seek: Difference and Desire in American Portraiture*, was the first major museum exhibition that focused on sexual identity and difference in the making of portraiture in America over the past century. I supported the exhibition because it opened a window on the art of the period and illuminated the history of our changing society. *Hide/Seek* was an exhibition the Smithsonian chose to create when others would not. It did generate controversy. I continue to believe that my decision to remove one controversial video was in the best interest of the exhibition and the Smithsonian. The exhibition remained up for its full duration and served its purpose as an educational resource for the thousands who came to view it. That said, working with the Smithsonian's Board of Regents, I am committed to improving the way we communicate with our many stakeholders, our board leadership, our directors and the curatorial community. In late April, we held a public forum to continue an important dialog about the role and responsibility of publicly supported museums to educate and inform on complex and sometimes sensitive topics. The director of the Freer and Sackler Galleries will serve as our first senior arts advisor, a new

position that will rotate among the art museum directors to provide my administration with advice on matters related to art and cultural exhibitions.

In 2010, we continued the aggressive path of collections preservation and improvement that we began in 2005. We have conducted surveys of our collections' conditions, collections spaces across the Institution and the state of our comprehensive digitization efforts. Based on the assessment results, we are strategically targeting specific collections and improving collections care. In addition, recent collections-related audits by the Smithsonian Inspector General, including the recent audit at the National Museum of American History, have identified specific deficiencies in collections management. We are following up on each identified deficiency and have made demonstrable progress. This work is challenging because of limited resources. We recognize there continues to be a need for new resources to accomplish basic collections management activities and correct identified collections deficiencies.

Over the past two years we added \$5 million to our collections budget to address our most critical needs and we have built new state of the art facilities to allow key collections to be moved from inadequate space into state-of-the-art space. Specific accomplishments include the completion of the Pod 5 facility at our Suitland Collections Center for scientific specimens; the opening of the new Pennsy Drive facility for collections in American History, African American History and Culture and Smithsonian Institution Libraries; and the recent opening of the Phase II of the National Air and Space Steven Udvar Hazy Center, which includes a significant new space for conservation, archives and storage. Also, in order to provide a cohesive approach to collections, we have appointed a Deputy Undersecretary for Collections and Interdisciplinary Services who has the prime responsibility for overseeing collections care and coordination at the Institution.

Collections care funding provides the necessary resources for the Smithsonian to implement the Institution-wide collections assessment program, address the Smithsonian Inspector General's collections-related audit recommendations, and improve the preservation, storage, and accessibility of collections. We will continue to seek additional public and private funding as well as external partnerships to improve Smithsonian collections care.

We have recently developed our first Digitization Strategic Plan to digitize the collections and research of the Institution for the widest possible use by current and future generations, to increase public access and to expedite the work of researchers and educators worldwide. Digital access also reduces the need for physical access and handling of artifacts which can degrade their quality over time.

In 2010, the Smithsonian Institution undertook its first strategic planning effort to develop a focused vision to leverage individual strengths of its organizations and achieve even greater accomplishments through interdisciplinary and collaborative efforts. The plan, *Inspiring Generations Through Knowledge and Discovery*, focuses on four "Grand Challenges:" 1) Unlocking the Mysteries of the Universe; 2) Understanding and

Sustaining a Biodiverse Planet; 3) Valuing World Cultures; and 4) Understanding the American Experience. The plan has created a new organizational structure at the Smithsonian to increase efficiency and encourage entrepreneurship, new goals to focus budget priorities, and four pillars to secure the necessary resources: private philanthropy, government grants and contracts, business revenue, and federal appropriations. We are leveraging federal funds to increase private support.

As part of our strategic plan and in order to support and encourage pan-institution and interdisciplinary collaborations we have formed four Consortia, one around each of the Four Grand Challenges. These are flexible means of bringing our scholars and scientists together around important ideas and enabling them to make progress in tackling those challenges. We have been fortunate to receive a \$10 million grant from the Bill & Melinda Gates Foundation to stimulate the spirit of interdisciplinary collaboration through intellectual exchanges within the Smithsonian and beyond. The Consortia recently funded 31 new internal projects through our Grand Challenge Awards competition for a variety of interdisciplinary projects on such topics as: "Searching for the Building Blocks of the Universe," "Recovering Lost Languages," our "Immigration and Migration Initiative," and much more.

We're looking at the major administrative and financial systems that knit our complex, highly diverse organization together, and taking steps in collaborative fashion to boost efficiencies and free up time for everyone to do their best work. This redesign initiative is of particular importance now as we face budget tightening and are making the case to new and existing donors that an investment in the Smithsonian is a wise one. We've fielded six teams made up of colleagues from across the Institution; over 275 staff representing 55-plus units are actively involved. These teams are focused on improving our processes in finance, budget development, federal hiring, metrics, procurement, and sponsored projects.

Federal funding remains the backbone of our future. And while federal funding keeps our buildings open and accessible to the public, maintains the invaluable national collections, and funds a large percentage of the Smithsonian's workforce, we know that a vibrant future also depends on private support. The Smithsonian has averaged around \$140 million in private philanthropy in the past few years and last year we raised \$158 million. As noted the Bill & Melinda Gates Foundation made two grants, \$30 million for broadening access to the Institution through a Youth Access Endowment and \$10 million for the four consortia that support the "grand challenges" identified in the Smithsonian's strategic plan. The Boeing Company donated \$4 million to the National Air and Space Museum Steven F. Udvar-Hazy Center's Phase Two construction. Gifts also included support for the National Zoo's new Elephant Trail and the National Museum of African American History and Culture. We plan to build on that entrepreneurial progress in the years ahead.

The complementary nature of public and private funding has enabled the Smithsonian to remain a free resource to the public while at the same time producing programming, outreach, education and research that builds on our vast collections and are accessible to

millions. This funding mix is essential to the Smithsonian going forward, as one investment leverages the other and permits us to truly increase and diffuse knowledge – our founding mission.

During fiscal year 2010, the Institution accepted 728 new grant and contract awards totaling \$163 million that funded projects, partnerships and collaborations with agencies and universities. Selected examples of these entrepreneurial sponsored projects include: \$99.2 million from NASA for the SAO X-ray astronomy research; \$25.5 million from the Department of Education for the LASER Model research Project; and \$516,563 from the Department of Defense for a multi-year study to develop predictive models and efficient and cost-effective management strategies used to further migratory bird conservation (in collaboration with Oregon State University, and the U.S. Army Engineer Research and Development Center).

The National Air and Space Museum's Steven F. Udvar-Hazy Center located near Dulles International Airport is now completed with the opening of the new Phase II. While Congress supported the original architectural design and continues to support its operations, the Center was constructed entirely with non-Federal funds. The recently completed areas of the Center will allow visitors to watch the restoration of museum artifacts in progress. Also, the entire archives of the museum will reside in one facility open to researchers.

The Congressionally supported National Museum of African American History and Culture (NMAAHC) is moving ahead. We have amassed over 10,000 artifacts, including a tool kit that was passed down by three generations of a family of carpenters, a silk shawl given to Harriet Tubman by Queen Victoria in 1897, and a powder horn once used by a black soldier and former slave named Prince Simbo. These artifacts and the tens of thousands more that the Museum intends to collect will tell the rich story of African American art, history and culture. Preconstruction planning for the Museum is proceeding on schedule and construction is on track to begin in 2012 with a scheduled opening in 2015, coinciding with the 150th anniversary of the end of the Civil War. A total of \$100 million has been raised to date, including \$10 million from the Lilly Endowment, \$10 million from the Gates Foundation, and millions more from Boeing, the Ford Foundation, Rockefeller Foundation, Wal-Mart, Target and American Express, to name a few. With the funds provided by Congress in prior years for planning and design, the amount included for fiscal year 2012 to construct the Museum moves the Institution closer to achieving the federal commitment of 50 percent of the building's costs. This amount will also provide a significant incentive for additional private support and contribute to the success of the Institution's private fundraising goals.

We are beginning to make the necessary repairs to the Arts and Industries Building with funds provided by this Subcommittee, the Recovery Act, and the Legacy Fund. We matched the Legacy Fund with private donations as required. Work has begun to replace the roof and windows, as well to restore the building's exterior.

The Smithsonian's fiscal year 2012 request totals \$861.5 million and includes \$636.5 million for Salaries and Expenses, the Institution's operating budget, and \$225 million for

Facilities Capital projects. The request includes \$125 million to begin construction of the new National Museum of African American History and Culture building on the National Mall. Otherwise, the Facilities Capital request would be \$100 million or 5 percent below fiscal year 2010.

The Institution's fiscal year 2012 request for Salaries and Expenses was shaped within the Administration's mandate to hold the budget to fiscal year 2010 funding levels. The request of \$636.5 million reflects a minimal increase (\$0.4 million) over the fiscal year 2010 and (\$1.7 million) over current fiscal year 2011 operating levels. We have developed our request and a series of necessary reductions following the guidance provided by our strategic plan so that we maintain our focus and momentum.

The request includes redirecting \$2.3 million of base funds to advance programs within the Four Grand Challenges. An additional \$1.3 million will be redirected to support other priorities within the strategic plan in fiscal year 2012.

The \$2.3 million requested for the Grand Challenges includes \$100,000 for research conducted through the consortium for Unlocking the Mysteries of the Universe; \$350,000 to focus research activities on sustaining a biodiverse earth, changes across geography and through time; \$750,000 for the Smithsonian's Global Earth Observatories network; \$250,000 for efforts in DNA bar-coding and \$300,000 to provide infrastructure for the *Encyclopedia of Life* initiative. The 2012 plan includes \$500,000 to continue research in the development and diversity of contemporary American culture through the consortium for Understanding the American Experience.

The \$1.3 million for other priorities within the strategic plan includes \$500,000 to broaden access to our collections and research through enhancements to our Digital Asset Management System and expanded use of new media technologies. The request also includes \$500,000 to strengthen collections. These activities include \$250,000 for the National Museum of Natural History's collections program to replace collections storage cabinetry and digitize original handwritten collection ledgers and specimen images and \$250,000 to care for animals at the National Zoo. Under the goal of mission enabling activities the request includes a redirection of \$330,000 to improve internal controls in the Office of Contracting and Personal Property Management.

In addition to supporting the Strategic Plan, the request also addresses uncontrollable increases anticipated in fiscal year 2012 that total \$2.3 million. These increases include \$91,000 for Workers Compensation; \$1.2 million for escalation costs of current rental space; and \$1.4 million for communications costs including increased bandwidth, licenses and IT security. These increases are offset by savings of \$400,000 from reduced utilities consumption and postage costs.

The proposed increases are offset by reductions totaling \$5.5 million, comprised of reductions of \$2 million from administrative activities and \$3.5 million from lower priority program activities. Administrative savings of \$1.2 million result from completion of a new security plan for museums and galleries and an additional \$750,000 from

consolidating Information Technology utility type services. The request also includes \$3.5 million in reductions to museums and research center programs that include \$500,000 for Visitor Services at National Museum of the American Indian, which will be supported by volunteers; \$350,000 for instrument development at the Smithsonian Astrophysical Observatory, and savings of \$250,000 resulting from closure of the Kids' Farm at the National Zoological Park. Research activities at the Tropical Research Institute will be reduced by \$300,000. In addition, the fiscal year 2012 request includes a reduction of \$800,000 to the Repatriation Program and curtailment of temporary exhibits at the National Museum of Natural History; a reduction of \$150,000 to aviation history research at the National Air and Space Museum; and reductions totaling \$1.2 million to central pools that provide cyclical desktop replacements, research equipment, and collections needs throughout the Institution.

Our fiscal year 2012 budget also includes \$72.1 million, toward our target of \$100 million for maintenance and repairs. Through increased attention to preventive maintenance and by addressing deficiencies in a timely manner, the Institution can prolong the usable life of our buildings, some of which are over 100 years old and have experienced the wear and tear of millions of visitors through their doors. Our Maintenance budget also addresses building systems to maintain a safe and healthy physical environment for our staff and visitors.

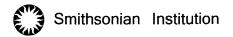
The Institution's fiscal year 2012 request includes \$225 million for Facilities Capital. The amount includes \$84.8 million for revitalization projects, \$52.8 million of which began in prior fiscal years, \$15.2 million for planning and design of new capital projects, and \$125 million for construction of the National Museum of African American History and Culture.

The fiscal year 2012 request to continue major revitalization projects includes \$7 million for renovation of the Carnegie Mansion at the Cooper-Hewitt, National Design Museum, the Museum has raised over \$30 million in private funds for this effort already. We are requesting \$750,000 for replacement of high-voltage electrical systems at the National Air and Space Museum; \$11 million to continue revitalization of the west wing of the National Museum of American History; and \$8 million to replace windows and HVAC at the one-hundred-year-old National Museum of Natural History building. The request for facilities revitalization funds also includes \$17 million for continued development of the elephant trails and safety improvements and renovations at the National Zoological Park's facilities in Front Royal and Rock Creek Park.

The fiscal year 2012 revitalization request also includes \$21.4 million to continue needed upgrades to scientific research facilities. These upgrades include replacement of temporary trailers and renovations of the Mathias Laboratory at the Smithsonian Environmental Research Center and replacement of unusable space and utilities infrastructure for the Terrestrial Tropical Science laboratory of the Smithsonian Tropical Research Institute at Gamboa. Also included is an additional \$19.7 million for other revitalization projects that are smaller in scale and \$15.2 million for planning and design of future capital projects.

In closing, the Institution is becoming more innovative, disciplined, focused, nimble and self-reliant than in the past. We face a future that holds both exciting opportunities and imposing challenges. Working with the Congress and the Administration, the Smithsonian will aggressively address these challenges and take full advantage of many new opportunities, using the Institution's Strategic Plan as a road map to excellence.

For 165 years, the Smithsonian has served our nation and the world as a source of inspiration, discovery, and learning. With its free museums, distinguished research and scholars, iconic American treasures and remarkable scope of information accessible from its websites, the Smithsonian Institution, despite these economic times, has become an even more valuable resource for the American people.



June 2011

Wayne Clough Secretary of the Smithsonian Institution

Wayne Clough is the 12th Secretary of the Smithsonian Institution, the world's largest museum and research complex with activities in more than 100 countries. The Smithsonian includes 19 museums and galleries, 20 libraries, the National Zoo and 9 research centers, including the Smithsonian Astrophysics Observatory, the Smithsonian Tropical Research Institute and the Smithsonian Environmental Research Center.

Since becoming Secretary in July 2008, Clough has taken the Smithsonian in new directions. A comprehensive strategic plan, the first of its kind for the Smithsonian, creates a new framework for goals, enterprises and operations. Going forward, the Institution will focus on four grand challenges—Unlocking the Mysteries of the Universe, Understanding and Sustaining a Biodiverse Planet, Valuing World Cultures and Understanding the American Experience. Four new centers of excellence have been created around the grand challenges to unify the efforts across the Institution as well as reach out to new partners.

Building on the Smithsonian's core strengths, the new plan calls for a renewed commitment to education and to expanding access to the Institution's vast expertise and collections. In the process, the Smithsonian will become a leader in the use of new digital communications and imaging technology. A reorganization is underway to enable the Smithsonian to meet the challenges of a changing world. To secure the necessary resources for this revitalization, a national campaign, also the first of its kind at the Smithsonian, is being mobilized. All these reforms, taken together, translate to a renewed Institution.

Clough is responsible for an annual budget of \$1 billion, 6,000 employees and 6,500 volunteers. As a federal trust, the Smithsonian receives about 70 percent of its funding from the federal government and must generate additional funding from private resources. Since his arrival, the Smithsonian has raised more than \$400 million in philanthropic gifts.

The Smithsonian, which has always had education at the core of its mission, is committed to engaging learners of all ages while finding new ways to reach underserved students in school districts around the country. To accomplish this, Clough created a new position, Assistant Secretary of SI-99C-2011

Education and Access. Hundreds of Web-based lesson plans in science, history, culture and the arts are already available from the Smithsonian, and new opportunities will be made for the public to learn through Smithsonian webinars, games and active-learning projects. More than 500 social media sites have been created, allowing people opportunities to interact with Smithsonian experts.

Clough is overseeing a \$900 million building and renovation program. Major elements include the reopening of the National Museum of American History on the National Mall, the renovation of historic structures like the Cooper Hewitt, National Design Museum's Carnegie Mansion in New York City and the Arts and Industries Building on the Mall, expansion of the National Air and Space Museum's Steven F. Udvar-Hazy Center and the Mathias Science Laboratory at SERC in Edgewater, Md., as well as building new facilities at the Smithsonian Tropical Research Institute's site in Panama and the new Elephant Trails project and the Seals and Sea Lions exhibit at the National Zoo. Design and planning are complete for the new \$500 million National Museum of African American History and Culture on the Mall scheduled to open in 2015.

He has emphasized the development of collaborations with diverse institutions. Examples include the Global Tiger Initiative with the World Bank, the Haiti Cultural Recovery Project with the State Department and the President's Committee for the Arts and Humanities and joint research projects with universities. The Haiti Cultural Recovery Project has stabilized or restored more than 6,000 works of art, murals and historical objects damaged in the January 2010 earthquake. The goal of the arts recovery project is to train Haitians to take over the conservation work.

Since Clough became Secretary, more than 200 exhibitions have opened across the Smithsonian. He has overseen the opening of major permanent exhibitions, including the Star Spangled Banner, the David H. Koch Hall of Human Origins and Sant Ocean Hall at the National Museum of Natural History; Asia Trail II at the National Zoo; and the restoration hangar at the Udvar-Hazy Center. NASA recently awarded the Udvar-Hazy Center the Discovery, the most extensively flown of the shuttles.

Background

Before his appointment to the Smithsonian, Clough was president of the Georgia Institute of Technology for 14 years. He received his bachelor's and master's degrees in civil engineering from Georgia Tech in 1964 and 1965 and a doctorate in 1969 in civil engineering from the University of California, Berkeley. He has received eight honorary doctorates from universities in the U.S. and abroad.

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Clough was a member of the faculty at Duke University, Stanford University and Virginia Tech. He served as head of the department of civil engineering and dean of the College of Engineering at Virginia Tech and as provost at the University of Washington.

During his tenure at Georgia Tech, the school was ranked among the top 10 public universities by *U.S. News and World Report* and recently was the first university in a decade to be added to the American Association of Universities. The G. Wayne Clough Georgia Tech Promise Program offers financial aid to Georgia residents pursuing their first undergraduate degree. Assistance includes scholarships, grants, and job opportunities. In 2012, Georgia Tech is scheduled to open the G. Wayne Clough Undergraduate Learning Commons building to honor his commitment to undergraduate students.

Awards and Service

Clough's recognitions include the 2011 Foreign Policy Association Medal, membership in the American Academy of Arts and Sciences in 2010 (he currently serves on its Commission on the Humanities and Social Sciences), induction into the Technology Hall of Fame of Georgia (2009), and the Joseph M. Pettit Alumni Distinguished Service Award (2009) that recognizes a lifetime of leadership, achievement and service to Georgia Tech. Elected to the National Academy of Engineering (NAE) in 1990, he was recognized with the 2008 NAE Bueche Award for his efforts in public policy.

Clough has received nine national awards from the American Society of Civil Engineers, including the 2004 OPAL lifetime award for contributions to education and the 2011 President's Award. He is one of 14 civil engineers to have been twice awarded civil engineering's oldest recognition, the Norman Medal, in 1982 and in 1996. He was awarded the 2002 National Engineering Award by the American Association of Engineering Societies and in 2004 was named as a Distinguished Alumnus from the College of Engineering at U.C. Berkeley.

He has served as chair of the National Research Council Committee on New Orleans Regional Hurricane Protection Reconstruction; a six-year term as member of the National Science Board; seven years as a member of President's Council of Advisors on Science and Technology; and university vice chair of the U.S. Council on Competitiveness and co-chair of the 2004 National Innovation Initiative.

Clough's interests include science, technology and higher-education policy, sustainability, international programs, museums and history. His civil engineering specialty is in geotechnical and earthquake engineering. He has published more than 130 papers and reports and six book chapters and has co-written numerous committee reports. His most recent publication is "Increasing Scientific

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Literacy: A Shared Responsibility" (2011), a monograph on the nation's urgent need to improve the scientific literacy of its citizens and the key role the Smithsonian Institution can play toward that goal.

Clough, 69, was born in Douglas, Ga. He and his wife, Anne, have two children.

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Mr. SIMPSON. Harry Rubenstein. Go ahead and grab the microphone if you would, sir, one of them.

ABRAHAM LINCOLN'S POCKET WATCH

Mr. RUBENSTEIN. My name is Harry Rubenstein. I am a curator at the National Museum of American History at the Smithsonian Institution. Thank you so much for inviting us to this and an opportunity to show one of our great treasures.

This happens to be Abraham Lincoln's pocket watch. It was a watch he acquired we think in the late 1850s when he was a successful attorney in Springfield. My guess is after closing a successful railroad case he went out and bought the finest pocket watch

he could in Springfield.

But there is a second story behind this watch, and that is the story that takes place in Washington. As President he comes here, and his watch needs to be cleaned, and he sends it up to Galt Jewelry Store, which used to, I do not know if many of you remember the store, but it was a downtown institution, to have it cleaned.

While it was being worked on, Mr. Galt rushes up into the work-room and says, the war has begun. At that moment the watch-maker who was working on the watch took off the hands of the watch and the faceplate and left a message, and it said basically, on this day Fort Sumter had been attacked, thank God we have a government. And then he closes the watch and returns it to Lincoln.

We heard about this story through a relative. When we received the watch from the Lincoln family, the story never came with the watch, but we heard this story from a gentleman who said, my great-great grandfather used to work in Washington and was, in fact, the story true.

So we opened up the watch, and lo and behold, there was that message on the watch. There also happened to be some other engravings in the watch as well. At a later date another watchmaker saw the earlier engraving, added his name to the watch, and then someone, I am assuming an unsigned someone, wrote the name, Jeff Davis, across the bar.

Lincoln never knew about the messages in his pocket, but it is sort of both a statement of the support that he received from one

enthusiastic member as well as a little bit of graffiti inside.

We hold a large number of objects in our collection, and they all tell stories, not necessarily as good as this one, but I think what this watch does for me and what we try to do for the public is bring that moment in history alive, take the mythic and make it a little bit more tangible and real, and I think if you let yourself look at this watch, you can cast yourself back in that exciting moment of the Civil War and of Lincoln and of the Nation.

Afterwards, as I understand it, if you have time to stay around, I will be more than glad to pass around the watch and give you a closer look.

Thank you.

Mr. SIMPSON. The Library of Congress had a display a couple years ago, I want to say, that had the objects that were in Lincoln's pocket the day he was shot. How did those come to be with the Library of Congress rather than Smithsonian versus other things?

You know, I mean, some of this stuff is kind of spread around. Ford Museum has the derringer, and Walter Reed has the bullet, I

guess. How did they get spread around?

Mr. Rubenstein. I think basically they got spread around because they were spread around in their historical existence. I am not exactly sure. I know the story of the pocket, but almost all of our material comes directly from family members or friends associated with Abraham Lincoln so that a large part of our collections were held by the family and passed down through their grand-children from Robert Todd Lincoln to his children, and that material came to the Smithsonian. The papers at the Library of Congress come largely through the secretaries that worked with Lincoln. The material at Ford's Theatre also came in different ways.

I think there is value in having these collections around different institutions. It makes it just a lot easier to manage them. It makes it easier for their programs to have material that support them,

and our material to support us.

We work hard to coordinate our activities with these large institutions that hold these collections and cooperate with them in sharing information about each others', but there is an advantage I

think for all of us to have our own rich collections.

Mr. CLOUGH. I have been working with Jim Billington and with David Ferriero and Rusty Powell on places where we can work together and share our collections. So we loan things to them, they loan things to us as we do the different types of exhibitions, and in some cases we are trying to find these places where we all intersect, and we would be able to do something in common.

JOHN GLENN'S CAMERA

Ms. Levasseur. My name is Jennifer Levasseur. I am a museum specialist at the National Air and Space Museum, and I am here to speak about the John Glenn camera, and I want to thank everyone for giving me the opportunity to talk about the camera today.

This year we are also celebrating the 50th anniversary of human spaceflight. Of course, we just passed the anniversaries of Yuri Gagarin and Alan Shepard's flights, and in February we will celebrate the 50th anniversary of the first American to orbit, and that is John Glenn.

Senator Glenn tells a really wonderful story about this camera, and I want to relate a little bit of that to you today. In his preparations for flight then-Lieutenant Colonel Glenn was considering all of the different things he would be doing in space. He was, of course, only going to be up there for a short time, but he was very interested in giving people back on Earth an idea of what it was like to be in space, and of course, he felt the best way to do that was with a camera.

So the suggestion was made that he carry a camera, and NASA did not really go along with that in part because the mission would be short, and there were lots of other things to still learn about spaceflight at that time. And so as he tells the story he was out getting a haircut in Cocoa Beach and decided to stop in at a drugstore to get a few things and noticed a display of cameras. Now, one of the problems that was faced when selecting a camera for spaceflight was finding something that was easy to use. They did

not want to have to change the stops on a camera or make a lot of adjustments, and this particular camera that Glenn had found, which is an Ansco Autoset camera, had automatic settings on it, and he felt this would be an ideal candidate.

He purchased the camera for \$45, and he brought it back to NASA, and engineers at NASA and the machine shop actually modified the camera for use with his spacesuit. Of course, he has got a heavy inflated pressurized spacesuit, and they knew it would be difficult for him to operate the camera. So they added the pistol grip and added a shutter release and an advanced mechanism which you will see here, which was all machined out at NASA. It was all attached, and they laid out all of the different cameras that he could choose from, and he tried it out with the spacesuit glove on, and he picked his own camera, not surprisingly, for use in space.

Over the years the story of this camera has gotten a bit confused because he actually carried two cameras in space. The famous Life photographer, Ralph Morris, had suggested a Leica camera, which was a very high-quality camera at the time. He carried that camera and this Ansco into space. This camera happened to also be modified for astronomical observations, making it the first scientific experiment, at least astronomical experiment performed in space.

The front of it was modified with a special prism so that he could take photographs of Orion, a constellation commonly targeted by astronomers. The camera was very easy to use, he felt very natural using it in space, just letting it go and float around. He returned with the camera, and the camera's one roll of film was processed. There were six exposures of about 15 seconds each.

The interesting thing about this particular experiment, even though it was the first, it actually did not seem to go anywhere. There was never any big scientific paper to come from it, but he did, perform the task, and the Smithsonian then received this camera as part of the transfer of Friendship 7 and all of the accompanying items in 1963.

And I would say that this camera for our museum, especially in this anniversary year, really reminds us of that moment in the early 60s when there was an incredible excitement for space exploration and for innovation and ingenuity. I think this camera above anything shows the ingenuity of a place like NASA which would go through an incredible amount of creativity in coming up with a way for him to bring home images of space.

Thank you.

Mr. SIMPSON. What happened to the photographs that were taken?

Ms. Levasseur. That is a very good question.

Mr. SIMPSON. That is why I asked it.

Ms. Levasseur. And I have been asking that question. In my research the only evidence I have seen of anything that came from it is that the films were processed, they were processed very early in one format. They were sent to Eastman Kodak for ultraviolet processing, and things seemed to disappear at that point. There was no scientific paper that was ever produced. There is no reproduction of those images.

So it is a little disappointing to find out it did not seem to go anywhere. The Leica camera, on the other hand, he used that quite a bit and took some color and black and white photographs which are widely reproduced in newspapers and publications.

Mr. LEWIS. Mr. Chairman, if you would yield.

Jennifer, do you spell your name with one N or two N's?

Ms. Levasseur. Two N's.

Mr. LEWIS. Okay. Well, that is unfortunate but-my "nifer" would have said that he forgot to put the film in the camera.

Mr. Simpson. If it would have been me, I would have forgotten

to put the film in the camera.

Mr. Lewis. Sorry

Mr. SIMPSON. Well, thank you. That is very interesting. It is fas-

Do you have an opening statement you would like to make, Jim,

OPENING STATEMENT OF MR. MORAN

Mr. Moran. Well, I could make one, but I do not want to interrupt the-

Mr. SIMPSON. You are not interrupting. They just got done testi-

Mr. Lewis. You have 30 seconds.

Mr. SIMPSON. They just got done testifying, and we were going to go into questions.

VOICE. Do you have a quote from Teddy Roosevelt today?

Mr. SIMPSON. He had a quote I know.

Mr. MORAN. Well, I do have a quote since you brought it up. I have a quote, and this is going to be a good one, and it is from a great American.

Noted actress Audrey Hepburn. Okay. Did you not have a crush

on her at Breakfast at Tiffany's?

Mr. SIMPSON. Everybody had a crush on her. Spencer Tracey did. Mr. MORAN. She never ate, but she was a wonderful actress. "Life is like tearing through a museum. Not until later do you really start absorbing what you saw, thinking about it, looking it up in a book, and remembering because you cannot take it in all at once." So while Audrey Hepburn was providing an analogy of life, she encapsulated a very important aspect of the Smithsonian as an institution of learning and enlightenment.

Each year millions of our constituents and visitors from around the world visit the Smithsonian to see its exhibits and partake in its program. Ms. Hepburn was right about a quality museum. You cannot take it in all at once, but if the Smithsonian is successful in its presentation, what visitors take away is a quest to learn more about the subjects that they see. It is not by chance that the Smithsonian internet domain, its name ends in edu. It is an institution of learning, and it does it so right, and we as a society and a Nation benefit from the advancement of knowledge it provides its

visitors and the public in general.

So I know we are all struck by the scope of activities undertaken by the Smithsonian; science, history, art, culture, in addition to its work as stewards of significant aspects of America's heritage, and I understand that you are sharing some of that this morning. We will need to carefully review the budget with an eye towards any savings of perhaps initiatives that are not absolutely essential right now or that will require more federal money in the future. I think we have got to be careful of implied commitments, and we will get into that in a few minutes.

But we have to make sure that the resources are there for the Smithsonian to carry out its most basic mission. The fiscal year 2012 budget request for the Smithsonian is basically flat. We are anxious to understand how you are going to be able to maintain that core mission with the quality that we have come to take for granted as Americans.

So with that, there is my statement, Mr. Chairman. Thanks for giving me an opportunity. No thanks to you, Jerry, because you clearly knew it was going to take more than 30 seconds, but thank

you, Mr. Chairman.

Mr. SIMPSON. Thank you. I have to drive across that same bridge, and I was going to come in early this morning. It took me an hour and 15 minutes.

Mr. MORAN. That is what it took me.

Mr. SIMPSON. It normally takes about 20 minutes.

Mr. MORAN. I had to do something in the district, and you know, what I normally can do in 10 to 15 minutes took an hour and 15 minutes. I do want everyone to know, though, that the construction delay on the bridge was not the result of one of my earmarks. It was a change in traffic pattern. My earmark was for the Humpback Bridge.

Mr. SIMPSON. This is the bridge to somewhere.

Mr. Lewis. Is your district that close by?

Mr. MORAN. That is it. Everything on the other side of the river and with the new redistricting as far as you can see north and south. It is all my district, Jerry, and I love it, you know that.

Anyway, maybe we should get back on track, and thank you, Mr.

Chairman.

JOHN GLENN'S CAMERA

Mr. SIMPSON. I will just keep us off track just a little bit, but thank you for coming today, and thanks for bringing these artifacts that are very, very interesting. When I look at this camera that John Glenn used, what year was that?

Mr. Clough. 1962.

Mr. SIMPSON. 1962. It is one of those things that, I mean, people can generally remember where they were when that happened, or when man landed on the moon and that type of thing. You know, I had to give a speech, this is 20 years ago probably, when I was the Speaker of the Idaho House, and I had a bunch of people that were scientists that were presenting papers on, you know, black box theory of whatever, you know, and they wanted me to give a speech at one of their dinners, and I am sitting there, what do you tell these people?

And so I tried to tell them the other side of technology, not just the advancement of it, and I used my grandfather as the example. He was born in 1900. He knew people that fought in the Civil War, and he died in 1988, so he lived 88 years. He moved to Southeast Idaho when he was a child. When he first got there, the male stu-

dents would have to get up—they got assigned a week—and they would ride to the one-room schoolhouse to put logs on the wood burning stove to heat the one-room schoolhouse. Later on he saw the first automobiles come into the Cache Valley. Later on he saw the first airplane fly overhead. Later on he saw a guy take off, land

on the moon, and come back to Earth.

That was in the space of one lifetime, and I look back at this, and I say, boy, that is ancient technology, and you know what a child that is born now is going to see during the span of his lifetime is almost unbelievable, and it puts incredible pressures on all of our institutions—governmental, social, religious, everything—because we are animals that kind of like things to be the same tomorrow as they are today. I like to know the sun is going to come up over there, instead of over there.

And, I mean, what was it in the Declaration when Jefferson wrote that men are more disposed to suffer, while evils are sufferable, than to right themselves and correct them, and I mean, that is kind of the way we are. What it is going to do to our educational institutions is going to be insurable.

institutions is going to be incredible.

So, anyway, I appreciate you bringing these artifacts for us to take a look at. They make you think a little.

RESEARCH

Mr. Clough. Not to plug my monograph on scientific literacy, mainly to point out the challenges we face but particularly that the growth of knowledge right now is so intense, and it is going to get more intense because there are so many people in the world doing research today that were not in the past, and so knowledge will continue to grow, and it will get even more complicated.

And so how do we help our teachers keep up with that? I think

it is a major challenge for our country.

Mr. SIMPSON. You know, 30 years ago without the computers we have today, you would not have been able to do human genome, and what took them a year to do or longer can now be done in hours.

Mr. CLOUGH. High school students can do it now.

NATIONAL MUSEUM OF AFRICAN-AMERICAN HISTORY AND CULTURE

Mr. SIMPSON. Yes. It is amazing.

Anyway, as you know, the dollars are tight as we have mentioned here today. Your budget request includes a total of \$225 million for the Facilities Capital Programs for fiscal year 2012. The Smithsonian is requesting \$125 million for construction of the National Museum of African-American History and Culture, as well as \$100 million for repairs and revitalization of other Smithsonian assets and for planning future projects.

Given the subcommittee is anticipating a very lean allocation, and as we have seen it is about \$2 billion below what we had last year, are there any planned projects contained in the Facilities Capital Account, not including the new African-American Museum, that can be deferred or delayed? And with the African-American Museum, what is the total appropriation going to be, and what will be the impact of doing it multi-year if we cannot find all the money

for it right as it is.

Mr. CLOUGH. Well, let me first just mention the National Museum of African-American History and Culture. Of course, Congress asked us to take on this, and we willingly accepted the challenge, and the task was set forth for the design and construction of that facility would be \$500 million, that Congress and the Executive Branch would provide \$250 million of federal funding, we would raise \$250 million.

And so a big part of my job is being on the road trying to raise that money from corporations, foundations, and individuals. We have made great success in the private fundraising, and the credit really goes to Lonnie Bunch, who is an absolutely outstanding director for that museum. He was absolutely the right person to pick for that, because he not only has to go through the process of designing and ultimately construction of the museum, but he has to

build up collections.

Now, we had collections to begin with, but he has significantly increased the number of collections that he will need to open the museum. The intent was to open the museum in 2015. That would be a historic date, because it is the 150th anniversary of the ending of the Civil War. The intent is to have a museum that speaks to the African-American contributions to us as a people, not for this to be a museum just for African-American individuals who are American citizens but for all of us to speak to that larger history.

And I have seen the collections that he is building. It starts with a powder horn from a free Black who fought in the Revolutionary War who inscribes his own personal history on that powder horn, and there were 5,000 free Blacks who fought in the Revolutionary War, and so you can see how you expand and tell the story as you

work your way from that to the present.

So we are well on our way in terms of raising the money. I have worked with Lonnie and Richard Kurin, who is here as the Undersecretary of History, Art, and Culture, on the pipeline, if you will. Do we have the donors out there who can get us from \$100 million to \$250 million, and we think definitely. We have had tremendous success, a positive reception of this project from the corporate side, the foundation side, and from individuals.

So we are confident we will raise the private money. I hope we will raise more because as we know, it is going to be tough to operate museums in the future, and we want to build an endowment for it. So I want to go blast right past that and try to raise the endowment.

So the federal side of it is the commitment that was made for the other \$250 million, and so far \$45 million has been committed to the project, and so that is underway. The project is designed, the site is almost prepared at 14th and Constitution. We have to be careful not to damage the view line for visitors for the Washington Monument. That is almost complete, and it is one of those things that we have had to go through with some very careful deliberations on it. And it is going to be a beautiful project, very subtly placed, very subtly designed, and it will be a magnificent experience for the American people.

So we have now reached the point where if we are going to do this in 2015, it is time for the bigger increments to be applied to the project for actual construction. That is where the \$125 million comes in. OMB realized that there are actually \$205 million yet to be applied, there is \$45 million that we have gotten so far, and so they plan in fiscal year 2013, to ask for the next \$85 million, which would complete the project, and we would be able to finish it in 2015. That is our intent.

Mr. SIMPSON. If we do not do the 125 this year, we would essen-

tially be setting off the 2015 date?

Mr. CLOUGH. You start delaying the project, and to go back to my other life, I am a civil engineer. Any time you delay a project of that size, even though the economy may be down today, we are getting great bids right now, that by 2016, the economy may heat up and you would end up with inflation really taking a chunk out of the project.

So it is important that we try to keep it on track.

ARTS AND INDUSTRIES BUILDING

Mr. SIMPSON. Where are we with the Arts and Science Building?

Mr. CLOUGH. The Arts and Industries Building?

Mr. SIMPSON. Arts and Industries Building.

Mr. CLOUGH. Arts and Industries Building. We are going through what we call phase one of that building. Actually, there was a first small phase. Thank goodness that we got \$5 million out of the Recovery Act which we, in fact, used and applied to that project well. We got \$25 million all total, and we did obligate all those. I think we are ahead of any federal agency in obligating our federal funds.

But thanks to the Legacy Fund the Senate and the House both helped create for us there was a \$30 million Legacy Fund that was created that we had to develop a match for, and we worked hard to get that match. We had a marvelous gift by Bob Kogod and Arlene Kogod, of \$10 million that completed the match. We actually had \$40 million in private money for program and building.

So also good news. When we did the project we probably gained about \$8 million on it because now is the time to build, and so it is underway, about a \$55 million project to stabilize that building. I was very concerned as a civil engineer, I was here when the snow loads were the heaviest and went through that building, and it was kind of creaking and groaning at that point, a lot of corrosion on the wrought iron structure, and so we needed to fix that.

So fortunately we have the money now to take the entire roof off, which needs to be done, and to replace the wrought iron with structural steel and to replace the windows which are not historic win-

dows, and that will be what we call phase one.

Phase two will be where you actually start programming. We need to move the mechanical plant underground. It should not be in the building. The building is a very small building actually and we would probably turn it into what we think would be a very exciting place for learning to allow what we were just talking about, students come in and learn about science, current events where most of our museum activities are about past events, but really about current events.

And so we are well on our way. The project will take 2 years to complete this so-called phase one.

SMITHSONIAN STAFF

Mr. SIMPSON. One other question before I turn it over to Jim. We may, you know, congratulate our staff here and thank them for all their great work, but I also want to thank your staff for the great work that they have done in helping us as we have tried to make a budget that makes sense, that you can live with, and your staff has been great to work with. So we appreciate that very much.

You mentioned in your opening testimony that the Smithsonian ranked fourth in best places to work, best places, I guess, within

the Federal Government, best agency or whatever.

Mr. Clough. Large agencies.

Mr. SIMPSON. Talk about that just a minute, because I think that

is very important.

Mr. CLOUGH. Well, when I came to the Smithsonian, I think there was a morale problem. I think people had felt beaten down a little bit over some of the activities that occurred in the last Administration. We think about budget cuts today, but because of what was called base erosion, the budget had been going up slightly over the years, but because of inflation and mandated salary increases, we are actually losing ground.

And so over a period of 10 years we lost 600 people at the Smithsonian, by retirements, resignations, and no replacements. And so there was sort of a feeling that, you know, how do you get out of this cycle, and we created a strategic plan by getting over 1,000 people engaged in it, so this was not a top-down deal. This was a joint consensus vision. We got people from outside the Smithsonian, people from the Hill actually participated in helping us put this together, and it was a shared vision, and I think that has worked.

It was also based on what I call scenario-based planning. That is, we considered a scenario where the budget might be better than that day, that was two years ago, or steady or worse. Now it turns out that that third is where we are, and so we have actually planned for this kind of environment that we can keep our progress and momentum going, and we also agreed to do everything we could to increase the private funding of the Smithsonian, but we had to have great ideas if we were going to do that.

PRIVATE FUNDRAISING

We have had success in philanthropy and private fundraising. We are very proud of that. We are looking at having a national campaign, which would be an even more organized way to do that. So people are working on really productive things, and I think the folks at the Smithsonian came together in a way they had not come together before, using what we call interdisciplinary approaches. We were able to raise funding, the Gates Foundation is a good example there, that allows us to do things we had not done before by combining our assets.

And our goal is to be more inclusive about telling America's story and not to try to do it in just one museum but to think of all of our museums, telling a comprehensive story. And so we are working hard on trying to do that, and people are getting together and talking to each other. I was at an education meeting that we had

called STEAM, where we add arts to STEM. So using arts to help people learn science is a very exciting way to do it, and we had 80 people there, and I asked how many of them had met someone they never met before at the Smithsonian. They have all worked at the Smithsonian many years. They all raised their hands. They are now meeting each other, and they are really excited.

And this is a joint effort. It is something that I think is joyful. The Smithsonian folks are passionate about what they do. They need to be respected for what they do, and they have been in essence under-funded for a long time, and so we are finding ways to

take care of these big problems. Mr. SIMPSON. Appreciate that.

Mr. Moran.

NEW MUSEUMS ON THE NATIONAL MALL

Mr. MORAN. Thank you, Mr. Chairman.

The line of questioning I am going to bring up I know is going to be mischaracterized, and my motivations are going to be questioned, and it is probably going to bring me into conflict with some of my best friends in this body, but I think we need to pursue it.

You talked about the inclusivity of our Nation, the fact that we are such a strong society of such a strong fabric really because it is a whole host of different fabrics interwoven together. E pluribus unum.

But I am concerned about the direction we are taking on the Smithsonian. The Administration just released a report on the National Museum of the American Latino. It recommends that this new museum be a part of the Smithsonian and occupy a spot on the National Mall.

Two concerns. One, of course, is that the Mall is becoming a very private place, monuments, memorials, museums, there are 160 monuments and memorials in the Mall. I mean, basically we have gone from two in the beginning to where we have 13 museums today. We are losing open space, and of course, future generations are going to have virtually no space to honor their heroes, their iconic figures.

The Congress back about 8 or 9 years ago said that the Mall is a substantially completed work of civic art and imposed a moratorium on any further construction there. I do not think that is going to be sustained.

The second issue is, you know, perhaps less pragmatic but I think nevertheless a serious one. I voted for the National Museum of African-American History and Culture. Obviously I support it. I think it is a wonderful thing that we would tell the full story, but I am concerned that we are breaking up the American story into separate narratives based upon specific ethnicities.

And virtually every indigenous or immigrant community, particularly those who were brought here enslaved, has a story to tell, and it should be told, and it should be part of our history. The problem is that as much as we would like to think that all Americans are going to go to the African-American Museum, that all Americans will go to the museum of American History, that all will go to the Latino Museum, I am afraid that is not going to happen, that the Museum of American History is where the white folks are

going to go, and the American Indian Museum is where Indians are going to feel at home, even though I think it is a disappointment. Up until now it has been largely a glorified arts and crafts fair,

very disappointing.

And African-Americans are going to go to their own museum, and Latinos are going to go to their own museum, and that is not what America is all about, and I am bringing this up because I greatly respect not just your management ability but, you know, your understanding of the concept of what the Smithsonian is all about.

And I would like you to address this concern. It is a matter of the overcrowding of the Mall, it is a matter of future financial commitments, which are very substantial and are going to crowd out the quality I fear of the museums that we have, but it also a matter of how we depict the American story and where do we stop. The next one is going to be Asian Americans, and then God help us it will probably be Irish Americans or, you know, who knows.

Do not forget who?

VOICE. The Norwegians. Mr. MORAN. The Norwegians. Gosh, no, but I think it is a legitimate concern. I know it is a serious concern of mine, and one I would like you to address if you would not mind, Mr. Secretary.

Mr. CLOUGH. Sure. Well, there were two questions or comments. I think one about the Mall itself, and I think we all share concerns. This is America's front yard. It is the place where democracy happens. You need to have green space, people need to be able to enjoy that, they need to be able to gather. That is all part of the process, and so I think we all share concerns about that. I am not sure what we can do about some of these things other than, of course, there is a master plan to expand the Mall, and that would take it down towards Southwest. Since I live in Southwest, I would kind of welcome a little bit of new development over there.

So I think that is one possible solution. I think you raised a serious question, and it needs to be asked to the Park Service and others and the planners who really think this thing through, but it is a very serious challenge for us with all the monuments as you describe and so forth. For the Smithsonian, of course, our property ends at the curb, and so the Mall itself is actually part of the Park Service.

On the question then of the ethnic approach to museums, that is an interesting philosophical question. I think the Smithsonian frankly did not do what it should have done in the '60s, '70s, and '80s, to really broaden its reach to tell the more inclusive story, honestly, in a more inclusive way, and I think it is important for everyone to realize when we say we have 19 museums and galleries overall, that throughout those museums you should be able to tell anybody's story. Through the Smithsonian American Art Museum there is art for everybody, art that tells all American stories. In the National Portrait Gallery they have worked hard to be more inclusive at what they are doing. In the American History Museum they have worked hard to be more inclusive, but we were not there at a timely point where people, I think, felt themselves left out.

And I have talked to a lot of different groups that feel they are not seen, and so our new strategic plan really calls for us to take this more inclusive approach to things, and when we say we have 100 exhibitions a year, to think about how those represent the fabric of this country as opposed to just a singular vision from one museum and one set of collections.

So we are going to work on that. You will certainly see the way we present ourselves on the web and the way we present materials out in the K through 12 in a much more inclusive way in approaching the American story in that way.

And when we say, for example, we want to reach new audiences, that is an audience we are not reaching. For example, we are not reaching the Hispanic, Latino audience, and we need to, and I spoke to the Latino Commission myself and indicated that we were

going to be very aggressive about that in the future.

And I think the Smithsonian some time in the past maybe missed this boat. Now, we are where we are with the present set of circumstances, and I think that Lonnie Bunch's approach in the African-American museum, I think we will all be positively surprised. Lonnie has studied other museums to understand how this one can be more inclusive in its story, and I think you will find that he has really worked hard at that.

Mr. MORAN. I think he is terrific. He won me over, and I fear that the creator of the Latino Museum is going to win me over, and you know, they know what they want to do. I think it is very valu-

able, but we need to see it in context as well.

A member of this subcommittee, Maurice Hinchey, has introduced a bill for the National Museum of the American People to tell the story of, you know, how each wave of immigrants became Americans. I dismissed it at first as just one more idea, but he wants to put it over in the Banneker plot. I talked to Eleanor Holmes Norton, she thought that was a great idea because that extends the Mall, gets it out into Southwest, other places. You know, maybe something like that works. I do not know. I suspect that, you know, we are too far down the line to, you know, to really change direction.

But with the Latino Museum, and this will be my last question, do they have to raise the money and then we match what they raise so that we do not start construction and as you suggested wind up in a situation where we cannot complete it unless the Congress pays all? I mean, that is what we did with the Capitol Visitors' Center, you know. We were told it was not going to cost anything, you know, \$670 million later, and I still cannot find my way around the darn thing, but, you know, is it going to be controlled by the level of contributions that initially are made by the private sector and then we match those dollars after they are raised, or is it a matter we start and then the taxpayer has to complete it?

Mr. CLOUGH. No. I think that the Smithsonian has always lived up to its commitments in these types of partnerships, and we have had many of them where, for example, the Legacy Fund was a great one. We actually raised more money than was needed for the match. For African-American History I am confident we are going to raise more private funding than is necessary for the match.

So what needs to be done with the Latino Museum if Congress decides to go ahead with it would be to develop this concept of a partnership and a commitment in both parties to get it done and hold everybody to their commitments, and we will live up to our commitments.

Now, having said that, there is no way, I believe, that you could successfully build a museum, whatever the name would be, without a substantive base of federal funding. I do not think you can make it work. You do not want to embarrass either Congress or the constituents you are trying to represent in this museum. That would not be fair to anybody.

And to build collections, to raise money costs money. You have to go out and start developing that. I think there is a strong base of people who would support the programmatic initiative, maybe even a museum in the Latino community. But you need money to do that, and so it is not a good way to proceed to assume somehow that you could do all this with private funding. You simply cannot

Mr. MORAN. Do you have any thoughts on the preferred location which is basically on the Capitol grounds, an extension on the Senate side there?

Mr. Clough. Well, I think they did a great deal of work to look at alternative sites, and as you suggest, the problem is there are not many alternatives, and so I think they chose a site where they felt they could build a new museum where the architecture would be reflective of their culture and their history, as opposed to trying to adapt an older building, which fundamentally could never be a good museum to begin with, like Arts and Industries, and one that could serve their purposes.

I do believe in the future we will all ask the question and should ask the question, how big a building do you really need physically when you can do so much digitally. In other words, you can reach a far larger audience, we will reach 300 million people digitally, and that experience is going to get better and better.

Now, that will never replace the personal visit, but it is a ques-

tion of designing those things together in today's era.
Mr. MORAN. Thank you for your very responsive answers, and it is an ongoing issue, but I appreciate you addressing it. Thank you, Mr. Secretary.

Thank you, Mr. Chairman. Mr. SIMPSON. Mr. Lewis.

Mr. Lewis. Thank you very much, Mr. Chairman. Thank you, Director, Secretary Clough, for your presentation and your colleagues' presentation. You reminded me of something a chairman did as well when we looked at the John Glenn camera. I remember shaving in the morning listening to television down the hall, walking into the family room, and my children who were then, you know, much younger than David LesStrang when we first met him, and they were talking about the apogee and the epogee of that flight like it was yesterday's cornflakes and just kind of sparked one's imagination about this explosive future that the chairman talks about.

OVERCROWDING OF THE MALL

Crowding out the Mall with museums is a very legitimate question, and I thank Mr. Moran for raising the question the way he did. We had a gathering adjacent to the Appropriations Committee Chairman's office on the balcony last evening, and you can look down the Mall. It is a fabulous view. I mean, really incredible view

looking to the west.

And I must say that I do not know who actually signed off on the design on that very sizable and impressive Indian Museum, but some way it does not fit in my head to that Mall that we have all grown to love, and not speaking to the final design but I do know in my own territory where there are like 14 Indian tribes, just one of them from the gaming reserves, each member of the tribe takes home tax free over \$100,000 a year. I mean, that is an incredible reflection of one of the designs of our history, and I hope that museum reflects the best in mix and otherwise, and so far there is some doubt in the minds. I have many a person who has visited, including some friends.

Mr. Lewis. It might very well pay for the overhead, indeed, but that is separate from the question. I have done some controversial things in my life. I mentioned David LesStrang being a right wing kook when I first met him, and we do change our view as we go forward, and the liberal Democrats in our life do have those influences as his wife has him.

My mother has had a significant influence on me, and she, as I was a youngster, talked a lot about the Depression Era, indeed, the New Deal Era, and she would be very proud of the fact that I served on that commission that eventually led to the FDR Museum.

Now, within the more conservative sides of my broader family, that was not necessarily the most popular thing to do. There is room without any question to recognize our history in many a way, but I think we should be very cautious as we take those steps, and Jim raises very much the point. We do not want groups in our country to visit our history by way of singular kinds of channels of review, and I am very concerned about that.

Now, just one more mention, if you will be patient.

Mr. CLOUGH. Sure.

Mr. LEWIS. That mother that I mentioned, my great great grand-father, Jasper O'Farrell, laid out the streets of San Francisco according to my Irish mother. She also told me she was born on March 17, and we found that she was actually born on the 22nd. In the meantime, we ought to consider an Irish museum because what they did for the development of the East Coast, especially around Boston, is, you know, it is incredible. So one of those museums, too, ought to be in somebody's mind's eye.

Thank you, Mr. Chairman.

Mr. CLOUGH. Can I respond quickly?

Mr. SIMPSON. Surely.

Mr. CLOUGH. My wife is a Burke on her mother's side, and they came here in the late 1800s. We got married on St. Patrick's Day, so I can never forget my anniversary, but my mother and father are like your mother and father. They went through the Depression. Their whole goal in life was to see their kids go to college because they did not get to go to college. So that was the generation that was a great, great generation for all of us.

And I do get letters frequently from the Irish American folks saying, where is our museum, but, again, one quick thing, coming back

to both of the comments that you have made, in our new strategic plan we talk about coming up with big ideas that capture the American experience, and one of these big ideas, certainly Congressman Moran referred to that, is immigration and migration.

And so we are going to focus a big part of our effort on telling the story of migrants and immigrants, and that is coming from this new idea of how do we use all these museums together to tell a bigger story? And you will see a big push placed because some people migrated here and others immigrated here.

And that captures the people who came to this new world 18,000 years ago and have created a culture before the Europeans got here. So that shows you a different kind of approach, I think, that we hope will begin to address some of these concerns.

Mr. SIMPSON. Mr. Dicks.

SOCIAL MEDIA

Mr. DICKS. Well, we want to welcome you back, Mr. Secretary, and in reading through your biography I am just amazed at all the different things that you have done and done very well, and we are very glad you are here.

Mr. SIMPSON. Checkered career.

Mr. DICKS. The highlight was being the provost at the University of Washington, I am sure, but we are glad to have you here at the Smithsonian. You came into a very difficult situation. I think you stabilized the organization and are leading it in a very good way.

You mentioned in your statement that we have more than 400 web and social media accounts, and that number is growing every day. On our main Facebook account we have more than 85,000 fans. On our main Twitter account we have 320,000 fans, and our YouTube offerings have been viewed nearly a million times. And our refreshed website has a more modern look, and it is easier to use, to navigate. It just won the 2011 People's Voice Webby Award for best cultural institution website.

Well, tell us about this. Tell us what your kind of vision is of how

you want this to interrelate with the American people.

Mr. Clough. We were just discussing that, the way young people think today is different than the way we think, different in the way we communicate, and different in the way we learn, and we have to adapt as an institution to help communicate and capture the imagination and inspire those young people. You know, no one is required to go to the Smithsonian or go to our website, and so we have to engage them and make them want to actually be part of the Smithsonian, to learn from us.

We have worked on these new processes to try to engage people, and we have Twitter sites. For example, when this watch was opened, we Tweeted about it, and all of a sudden millions of people around the country knew that we are going to do that, and they would not have known it otherwise.

YouTube: what we are trying to do there is to show how people like Harry and Jennifer do this marvelous work, because otherwise it is hidden, but one of the wonderful stories about the zoo was the chef at the zoo prepares 2,300 meals a day for different appetites, widely different appetites, and we did a YouTube Video on the chef,

and he became enormously popular. He appeared on food shows all over the place, but, you know, the point was—

VOICE. What do the tigers like?

Mr. CLOUGH. You and me. But it got people thinking about what goes on behind the scenes, you know, the work that goes on to sustain these great creatures and the science behind it. That is really the purpose of these things, and to some extent it is just an enabling thing that we have done, and that is to say it is okay for the different museums to have their own Twitter sites as they have events and they want to engage people in their next activity.

A simple other approach was the Smithsonian American Art Museum next year will host an exhibition on the idea of computer games as art. I mean, some of them are very artful, some of them are a little dangerous for young people, but they offered up 240 of them for a vote. Six million people voted.

VOICE. That is amazing.

Mr. CLOUGH. Now they will all want to come and see what is in the Smithsonian American Art Museum, and so it is a means to engage and to connect and to deepen people's understanding. I think the quote that Congressman Moran was using by Audrey Hepburn, what we want to do is we want to help people before they get there to understand what they are going to see and then after they leave we want them to be able to do their deep dive through the web materials that we have.

So we call it a journey, not just a visit, and today, for example, you can, if you have your iPhone, you can download a number of Smithsonian apps, and one that I love that just came out, it is called LeafSnap, and if you have an iPhone it is free. This was done with funding from the National Science Foundation, Columbia University, and the Smithsonian, and if you would like to seem intelligent when you are in the woods and you want to identify a tree, LeafSnap will identify any tree for you based on the leaf shape that it sees.

You have to have a little white background for it, but you can do that. And in June we will issue our first Smithsonian-wide app, which will be free for visitors, and so visitors can plan their visits on their own iPhone or their Android, whatever they have got, and when they get here after they are getting a little worn out, they can say, where is the restaurant or where is the restroom or whatever, and it will all be on the app.

So it is a way of connecting the people, deepening their experience, and then making them hopefully want to access the next level of our educational materials.

Mr. DICKS. Good. Thank you very much. Thank you, Mr. Chairman

Mr. LEWIS. Mr. Chairman.

Mr. DICKS. I yield to Mr. Lewis.

SMITHSONIAN MAGAZINE

Mr. LEWIS. You raised the Smithsonian Magazine.

Mr. Clough. Yes.

Mr. Lewis. And the 150th anniversary of the Civil War.

Mr. CLOUGH. Yes.

Mr. LEWIS. That magazine is available by way of subscription I am assuming?

Mr. Clough. Yes, it is.

Mr. LEWIS. It occurred to me when you were providing this testimony that what a fabulous Christmas gift for children and others. I mean, it really truly is an interesting—

Mr. CLOUGH. We encourage that.

Mr. Lewis. Yes. Thank you.

Mr. CLOUGH. That does provide revenues for the Smithsonian, but the thing I really enjoy about this group is that they are very mission focused, so you will not find extraneous articles in here. The articles will be very much in and around the Smithsonian mission, so they have really bought into our strategic plan, and for those people who read every last page, there is a Secretary's column in there.

Mr. SIMPSON. Ms. McCollum.

Ms. McCollum. Thank you, Mr. Chair. I own a copy of Breakfast at Tiffany's. I bet you guys do not. But I did not have a crush on her.

And, you know, I hear what Mr. Moran is saying, but at the same time I sit here and, you know, everybody was kind of talking about their mother or their grandmother, and of course, I have mothers and grandmothers and a great aunt who is still alive who did not have the right to vote when she born, and now she has her greatest niece serving in Congress.

So there are so many stories to tell.

Mr. CLOUGH. Yes. Very rich.

Ms. McCollum. And everybody wants to share their story that at some point we need to be mindful of the fact that everybody's story is important, and so I wish you luck, and I still hope that you are trying to make sure as we go through these major important museums that everybody's story continues to be told on a journey.

And Mr. Lewis, I want you to think of me the next time you look at the Native American Museum. It is Minnesota sandstone, and it is now your favorite rock. That is what that is made from out there, and when you go, I think part of the reason—

Mr. Lewis. Minnesota sandstone?

Ms. McCollum. Minnesota sandstone and there is Minnesota pipestone, which was traded by a lot of the tribes, but, you know, I know that the architecture is kind of shell, but that was to reflect all Native Americans, not one tribe, one nation over another, and I have spoken with tribal members outside, and some will say I see an igloo in here, and other people say I see this in here. And so it does not have anything that is a gotcha moment, and I think the architects probably had a struggle with that a lot, and that would probably be very interesting reading, I think, for people going in, how the design and the shape came to be.

ADMISSIONS

When you make a decision on what to cut or what to do, and I have been here when the bills, and I am sure we are going to have amendments on the Floor to charge admission to the Smithsonian, because they are going to pop up.

If you could maybe, you know, know of refresh the committee your understanding of that, and then, you know, you do not charge admission and then just keep all the money. You charge admission, you have got a contractor taking a cut, you have got maintenance doing things, and so it is not like the Smithsonian would get a dollar for every dollar that got charged.

Mr. CLOUGH. Absolutely not.

Ms. McCollum. You know, because people say, well, if everybody just does a dollar, I mean, you have got accounting, you have got to start worrying about internal theft. I mean, there is all kinds of things that go on with that. So that is probably going to come up on the Floor, and so talk to us a little bit about that.

Mr. CLOUGH. Okay. First, let me just back up a second and one of the other things about social media that helps us a great deal in terms, as you said, everybody has a story to tell. We can now let them tell those stories and share those stories with other people, and so many of our exhibitions now encourage people to tell us what they think and to tell what they saw of themselves and their family story in that exhibition.

And we are gathering that information. We are going to use that information to enrich what we are doing. We just did something on freedom riders, and we were able to go all over the country with it to have the freedom riders who were still, John Lewis does a great story, but to have kids and young people participate in that and then to blog about it and then to talk amongst themselves about it. Sharing is a big thing, and we are trying to encourage that.

Just a little bit on the American Indian Museum. Kevin Gover is the director there. He is a fabulous man. He has got great experience. He has been a university faculty member. He is a member of I think the Pawnee Tribe. He is a real intellect. He is trying to really get that museum to do what it was expected to do and that was to tell the story of all the cultures that existed here before Europeans came here, and so that takes you back to 18,000 years ago possibly and to speak to that entire development. And then the impact of the cultures that came together and then what is the next part of that story.

One of the exhibitions they will do, for example, in 2012, is about the Inca Road, which is an engineering marvel, 26,000 kilometers, that was built. It was an amazing technological development, still is used today. It is an amazing thing.

Kevin is really working hard to put more exhibitions in, we could lose a little money but take one of the stores out so we can have more exhibition space to tell a broader and a richer story about that.

There is an app also called the Infinity of Nations. I would encourage you to get it. It is free.

Ms. McCollum. I have a flip phone, so this app stuff is like dis-

appointing to me.

Mr. CLOUGH. Okay, but it is a marvelous exhibition. Out of the George Gustav Heye Center, which is part of the American Indian, that tells that richer story. It is an amazing app, and it is free for all folks.

Now, coming to the question of charging admissions. You are ex-

actly right.

Mr. SERRANO. Could you yield? Could I make a suggestion? That you send a note to Members of Congress when the apps are available?

Mr. CLOUGH. Sure. I will be glad to.

Mr. SERRANO. Because I do not know. I cannot keep up.

Mr. Clough. We will definitely do that.

But coming to the question of charging admissions, you are exactly right. It is not a free lunch by a long stretch. To even break even you would have to charge \$3 or \$4 because you are going to have to pay for all the infrastructure to collect it, plus we get 30 million visits a year to our museums, and you see huge lines of people trying to get through, paying admissions, using credit cards, slowing things down enormously. So there would be a real price to pay.

I love it. I live close by. I walk up on the Mall every weekend, and I love seeing the families up there and seeing the families go from one museum to the other. A lot of them have saved for years to get here. They want to have a rich experience, and if you charged admission, it would diminish that experience. I think we should not charge admission. The people have already paid for these museums. They paid through their tax dollars. They paid for the collections and the collections' care through their tax dollars.

And so just on that philosophical basis I do not think we should charge admission. A lot of people will say, well, okay. You get 30 million visits a year. Well, that is actually not 30 million visitors, because that may be one person who went to the Natural History on one day and went to American History on the second day. They get counted. And so the numbers quickly diminish as non-workable as a way actually to make much revenue, and it is not the good way to do it, I do not think, because folks have already paid for this museum through their tax dollars.

Ms. McCollum. Mr. Chair, I happen to agree, but I am mindful of the fact that I would be surprised if it did not come up on the Floor, and I think it is always good to be able to say that the com-

mittee recently asked, and so thank you for that.

Mr. SIMPSON. I have to agree with you. I think one of the great things about it is that it is free.

Mr. Clough. Right. Absolutely.

Mr. Lewis. Mr. Chairman, I do not remember when there was an amendment proposing that we charge. I guess we have seen them in the past. I just do not remember one, but I think you would get very broadly-based, almost non-partisan support opposing that idea.

Mr. CLOUGH. There are many other ways for us to try to raise

money before you ever get to that point.

LATINO MUSEUM

Mr. SIMPSON. Mr. Serrano.

Mr. SERRANO. Thank you so much, and thank you for your testimony and for the work that you do. You are one of my favorite institutions, federal agencies, if you will.

Let me just touch a little bit on some of the comments made by my brother, Mr. Moran, and some other folks. In a perfect world Latinos I can tell you for sure and I dare speak for some African-Americans would rather be part of rather than separated and apart in exhibitions.

But that is not our fault. That is trying to make up for 400 years of not being included, and so what you see today is trying to remedy that, and it upsets some people, and some carry it either in jocular fashion or in a serious fashion about the Irish and the Italians and others. Well, to ethnic minorities those were the folks in charge, and it seems that everything was about their story and none about ours. It did not get specific perhaps at times, but I knew, for instance, in school I was taught that the subway system was built by the Irish in New York City, and I was never told that the trains out west were built by the Chinese. I was always told that the police department was set up by the Irish, and the sanitation department was a fact. I knew that. I saw it.

No one told me about Puerto Ricans in 1899, coming to New York and joining up with Cubans on the Spanish American War and that the Puerto Rican flag was designed in New York City, not in Puerto Rico by the Cuban Revolutionary party against Spain. We are left out of that story.

So in a perfect world we do not want, I personally do not want the Latin Grammies, but there was never any recognition of another music that was making a lot of people, non-Latinos, rich in

this country by recording it and selling it and so on.

And so I repeat, in a perfect world we want to walk into a museum and see the history of our country, but for 400 years people were not included, and even at times the story we tell may not be related to what we are talking about, and I look at Mr. Lewis, because he has been very strong, and Mr. Lewis has done some things of dealing with my monture of included territories, and he even did it on an area that satisfied his need but satisfied mine, which was if you are not going to try people from Guantanamo somewhere else, do not try them in the territories either, and a lot of people were saying, well, we can always try them in the territories since we are not bringing them to the states.

But I will give you a related incident that speaks to the need to have these kinds of situations, be they at the university level or the Smithsonian. A prominent member of the New York State legislature came to my father's funeral some years ago, in the 1980s, and asked me, Joe, why is the American flag on your father's coffin? And I said, because he was a member of the Armed Services, in the Army, and he always wanted the flag, and we wanted the American flag to be there. About half an hour later this prominent, and I will not mention names because you know him, came to me and said, you know, I learned something tonight. I never knew that the Puerto Rican Army uses the American flag.

A prominent member of Congress about 15 years ago asked me if I would get him currency from Puerto Rico for his collection, so I took a dollar out of my pocket, and I think he is still embarrassed

Mr. SIMPSON. He ought to be.

Mr. Serrano. But that is part of what we are dealing with here. Yes, there is a concern about another museum and another museum and another museum, but it is because this generation has been called on to remedy a lot of stuff that happened in the past, and in that we should not get upset about what is happening but feel proud of the fact that we have come up and stepped up to the plate and said, you know something? That happened, and we have to take care of it.

So that is my take on it. Do I want a Latino Museum? Yeah, because for 400 years I did not know inclusion. Which brings me to my first question, my only question really, and my comment, and that is that I have always pushed for the territories to be included, and I hope that the Smithsonian continues to be aggressive in seeing the territories as Americans that need their artifacts and their things included.

What happens in Puerto Rico on a daily basis, what has happened in Puerto Rico since 1898, is part of American history. It is part of American history. What happens in the Northern Mariana Islands and in Guam and American Samoa is part of American his-

tory, and we forget that at times.

But I tell you how frustrating it gets. Do you remember Bobby Bonilla, the baseball player? Okay. Baseball listed him, major league baseball as American born, and it listed Roberto Clemente as foreign born. It lists Jose Cheo Cruz from the Houston Astros as foreign born, and it lists his son, who was born in Houston as American born. And a few years ago National Journal listed foreign-born members of Congress, Tom Lantos, Nydia Velázquez, José Serrano. Hello! That is the problem, and that is why the Latino museum and the African-American museum are both things that are necessary until we reach that point where it is not necessary any longer. But until then it has to be because there is a lot of story that has not been told.

We are now in my community documenting the history of the 65th regiment, which was an old Puerto Rican regiment that fought in World War II, much to the amazement of that member of the New York State Legislature; they were not fighting their own war. They were fighting the American War, you know, against

the Nazis and the Japanese and so on.

So to my colleagues, I know it presents a space problem, and I am not being sarcastic, and I know from the goodness of your heart you would rather that we have one America, but that is not the reality of our history, and so let's keep working, and in closing, again, what I said before, rather than feel bad about it, let's be proud of the fact that we are the first generation to tackle it and to do the right thing.

Mr. CLOUGH. Well, your comments are heartfelt and very important. I have been to Puerto Rico quite a few times because I was President of Georgia Tech, and we had a great stream of wonderful students who came to Georgia Tech, and the families there are so loyal, once a family member comes, you get more family members, and it was a fantastic experience, and the brightness of the young

people from there were remarkable.

We do have a Latino Center, I want to mention that, at the Smithsonian. We have an Asian American Center. These are both

working hard with us to help develop this inclusivity approach. As I said, frankly, I do not know if you heard my first remarks, we missed the boat. The Smithsonian was not there when it should have been there to reach out, and so, yes, we have a lot of work to do to rectify this thing.

We have a lot of stories to tell right there in front of us. Two of the most prominent statues for our Art Museum and our American History Museum were designed by a Latino artist—Vaquero and the beautiful Infinity sculpture. We need to tell those stories.

Our traveling exhibition service is working with American History to put on an exhibition called Bittersweet Harvest, so speaking of a story that has not been told, and this is about the Bracero Program, where guest workers were invited to this country because there was not enough manpower during World War II to mount the war effort, and people came to this country and did remarkable things. They were in all states but four. They helped this country mount the war effort, and that was a great story to tell.

Hilda Solis, who is Secretary of Labor, had tears in her eyes. She said, my father was a bracero, and people realized how important that was, and to tell you how, again, the untold story, to be able to see it. The traveling exhibition means it travels, and so we were going to travel I think originally to about 15 cities, and we had one version of it. It turned out to be enormously impactful, and so as a result now we have multiple versions of it, and it is going to 100 cities because people see themselves in this, and they see their story.

Mr. Serrano. Very briefly, Mr. Chairman, in closing, also if for 400 years for African-Americans and 100 years for Puerto Ricans in my case, you are told basically by the society, by the media, by TV stations you are not part of us, there reaches a point where you say, okay. I have a chance to be part of you, but first as I become part of you let me tell you what happened during that period of time when you were not including us, let me tell you what you missed out on, what we did, what we accomplished, everything from African-Americans inventing the traffic light to whatever happened. You know, those are little things that people may not pay attention to.

Mr. SIMPSON. Constructing the Capitol.

Mr. Serrano. Constructing the Capitol. Absolutely.

VOICE. The traffic light?

Mr. Serrano. The traffic light. Not very popular thing. Maybe I should not have mentioned that on behalf of the community. But, you know, what happens is it is almost like a catch up, catching up to tell that story first and then moving on, but it does not in any way, shape, or form make us feel less Americans. On the contrary. When our story is told, then we become even deeper into this, you know. We are who we are, and we are a country of people. It is wonderful, all of the color and cultures, and so somehow we all come together on July 4 and every other day of the year as Americans, and no one should fear it. It is diversity, but it is not division.

Mr. CLOUGH. I have one quick comment, and then I will close on this issue, but Richard Kurin is here, and he helped create our Folkways Division, and Folkways has a marvelous collection of

music and spoken words, and a lot of that is Latino music, and it has won more Emmys for us than any other source of music. And so it is a very rich and diverse source of history and culture.

Mr. SERRANO. Thank you, Mr. Clough.

Mr. SIMPSON. Thank you. I appreciate your comments, Mr. Serrano. I said in our testimony one the Humanities, Mr. Leach, that our diversity in this country is actually our greatest strength. Mr. Serrano. Of course.

Mr. Simpson. It also presents our greatest challenges, but it is something that, as you said, we ought to celebrate.

Mr. Serrano. Yes. There are those who fear it but I celebrate it. I mean-

Mr. Simpson. Yes.

Mr. Lewis. Mr. Chairman, if you would just give me a mo-

Mr. SIMPSON. Sure.

Mr. Lewis [continuing]. To respond to some of this. I could not feel more strongly and positively about this line of discussion. I am flying out this weekend to celebrate my oldest brother's 85th birthday. The first time I remember seeing him as a youngster in uniform, he was in the Marine Corps uniform, spent most of his time in the Pacific, I was chatting with him about the 85th birthday and his experience and that which his generation contributed to our ability to enjoy what we enjoy. And talked with him out loud about the problems, the challenges of the Japanese right now with this horrendous earthquake and the tsunami, et cetera, and to hear him almost with tears say that, Jerry, I never really thought I would have the day when I felt sorry for the Japanese.

I was the chairman of the Defense Subcommittee of Appropria-

tions for only 2 weeks when I went to the swearing in of a new chief of the U.S. Army, and the fellow being sworn in I learned when he was born was a foreign alien born in Hawaii, Eric Shinseki, all these years later becomes the chief of the U.S. Army, now the Director, the Secretary of Veterans' Affairs.

It is an incredible story and lest we forget we are all a part of

THE NATIONAL MALL

Mr. SIMPSON. Just a final question, for me anyway, is that while we talk about the people that come out here, the visitors from Idaho and around the country that love the Smithsonian, their biggest disappointment that they talk to me about is the Mall and the shape of the Mall, and we have been trying to restore the Mall with the National Park Service and so forth and so on. Folk Life Festival has been an issue with that, and you have been working with the Park Service to try to remedy that because it is kind of like some of our national parks. You know, we love them to death. And somehow we have got to find a way so that we do not destroy the Mall just because of all the people that want to see it.

What have you been doing, and how is that working with the

Park Service now?

Mr. Clough. We have met a number of times with the head of the Park Service, and particularly Eva Pell, who is here in the audience who is our Undersecretary for Science, is working closely

with the head of their science program, because it really is a science issue. It is a question of how to maintain access to the Mall by so many people who love it to death as you say, and at the same time have a robust infrastructure so it continues to restore itself.

One of the things we want to do is to green the Smithsonian, and one of the ways we do that is we have a lot of flat roofs out there on the Mall, and so we are building cisterns to collect water, big cisterns to collect water off of our roofs. The Park Service has no irrigation equipment out there, and we have offered to provide the water to the Mall as they experiment with different kinds of grasses, some of them are more successful than others. It is not a terribly rich soil because it is basically the sediment basin for Washington, DC, the old Tiber River was there.

FOLKLIFE FESTIVAL

And so we are working with them, and as far as the Folk Life Festival itself is concerned, it is designed specifically to have minimal impact based on their recommendations for us. So we have worked closely with them. We provided them with comments on their report. We are meeting with their chief scientists and doing everything we can to offer assistance and to form a partnership to do this.

NATIONAL ZOO

Mr. SIMPSON. Appreciate that. I enjoyed our trip with the staff out to National Zoo. Do we have anybody here from the National Zoo? If not, just pass on they have invited me, being a former dentist, to watch several dentistry programs on animals. I was always kind of interested in that, and several other things. So far I have not been able to fit it in my schedule, but I appreciate the invitation and have them keep asking me because I will do it eventually.

Mr. CLOUGH. I did see a root canal performed on a tiger. That is quite an interesting process.
Mr. SIMPSON. Yes. I would not want to do that.

Mr. Dicks. Mr. Chairman.

Mr. Simpson. Yes.

Mr. DICKS. One quick question here. We are looking at your staffing chart, and you have come down from about 4,400 to 3,701 in '10.

STAFFING

Mr. Dicks. How has that affected the Smithsonian?

Mr. Clough. It has had a dramatic impact on the Smithsonian. Now, those are our federal employees, not our trust employees but our federal employees, and it affects us in those basic kind of things that we must do, collections care, the exhibitions that we put on, the scholarship and research that has to be done behind the scenes, the maintenance of the buildings, those kind of basic functions that I believe the Federal Government is responsible for funding for the Smithsonian. We can only do so much with private funding. These are the kind of things that you cannot do with private funding. No one is going to give us funding just for collections

care. It is fundamentally crucial to us because we have these wonderful collections that we try to maintain.

SMITHSONIAN REDESIGN

So we are trying to develop a strategy to best use our resources. For example, you may not have been here when I mentioned that we are doing something called Smithsonian Redesign, and that is to try to better use the people we have, because we know we are not going to get a lot more in the future, to use technology wher-

ever we can to improve.

And I will give you one example of that. If we can digitize our collections, number one, it allows us if we have good web systems to let people see the thing that we own and tell the stories that we tell behind them. But it also cuts down on handling of the objects because if someone wants to see them, most likely we can show them the digital image. If it is a high-quality three dimensional image, that may be enough. So you do not have to go get it and bring it out and show it to someone and handle it and then maybe not get it back to the right place where it went in the first place.

And so we will try to use technology where we can, but ultimately it comes down to the expertise and the skills of our curators, and that is where we are hurting. We have collections that, I hear this over and over again, our curators will say there used to be five people in here. Now we are down to two. What happens

when we are down to one or zero?

And so you see a little stabilization going on. Congress helped us. We recognized the problem, we asked for help, you helped us in the past few years, and so we stabilized that thing, but my concern now is we are going into a period where we may go into another downturn, and that is a hard place to be.

So thanks for recognizing it. It is a big problem for us. Six hun-

dred people gone at the Smithsonian in the last 10 years.

Voice. Do you have stuff that the Baseball Hall of Fame has or vice versa?

Mr. Clough. Well, we do have a few things, but nowadays every-

VOICE. Who has got Babe Ruth's bat?

Mr. CLOUGH. I do not think we have his bat. I know we have five of his baseballs because I lust after one of those for my office, but they will not let me have it.

Mr. SIMPSON. Put it in a vault.

Mr. CLOUGH. Well, they told me my office lights are not the right lights, and you will lose——

Mr. SIMPSON. It will hurt the ball.

Mr. CLOUGH. It will hurt the signature and so—

Mr. SIMPSON. Change the lights.

If there are no further questions—

RECOVERY ACT FUNDING

Mr. Lewis. Mr. Chairman, if you would bear with me, as we talked about the Stimulus Package which added a trillion dollars to the mix here and then we have gone forward from there with some pretty significant levels of funding from the appropriations process for non-defense discretionary monies, one of our early con-

cerns was that many an agency would find the pipeline so clogged with money that it would hardly know what to do with it, and some, indeed, have had some stumbling in connection with that.

Did the Smithsonian receive significant flows? I think the answer to that is yes, but the question is did the Smithsonian try to go about getting prepared for the cliff. You answered almost yes to that. Eventually if the Stimulus money runs out, then there is a cliff if you expanded your funding flows.

The personnel question that you are raising is a really, really im-

portant one.

Mr. CLOUGH. On the facility side the answer is, no, we did not get a lot of Stimulus money. We only got \$25 million for various reasons. We used it well in some of our most critical projects.

If you go by industry standards we should be getting about \$100 million a year in maintenance and about \$150 million a year in facility revitalization. And as was pointed out, \$125 million for African-American History and Culture and only \$100 million for the other facilities at the Smithsonian, which is not enough to do it.

We have I think one of the very best track records, I am proud of our people, in the Federal Government of obligating our facilities funding. We are always around 90 percent in obligating our facilities' money, and we—

Mr. SIMPSON. We better keep that because they are going to be looking around for change.

Mr. Lewis. Yes, they are.

Mr. CLOUGH. So we will stay on top of that. Thank you for reminding us.

Mr. Lewis. Yeah. Thanks for bringing that up.

Mr. CLOUGH. So the answer is, no, we do not have a cliff. We would like to have a cliff to look at. We do not have that right now.

Mr. SIMPSON. Other questions? Thank you for being here today, and thank you for bringing the items and stuff. We appreciate it. The hearing is adjourned.

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